

BULLETIN *of the* National Association of Credit Men

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Some Interesting Sketches from Commercial History

ARTICLE I.

We do not intend to offer the readers of the Bulletin dry statistics or present a critical analysis of industrial history, but the look backward helps one to look forward, and as our present status is evolutionary merely, we should recognize and appraise at their proper value the events that have been leading us up to present conditions.

Years and years ago a body of people, no larger perhaps at the zenith of their prosperity and influence than the population of a first-class American city, were laying the foundations of trade and commerce in a manner far in advance of their times, and showing a skill that would do credit to modern times. On a small strip of land between Mount Lebanon and the Mediterranean, these people were living and prospering. Though known to history by their Greek name, Phoenicians, they should properly be called Canaanites, being a branch of a large family of that name. They settled in the country to which was afterwards given the name of Phoenicia—migrating from an earlier location on the Arabian peninsula.

The genius of these people was expressed in utilizing the timber native to Lebanon for the making of ships and in becoming traders, conveying the merchandise and rare products of the Far East to Egypt and the Mediterranean countries and taking back the grain of Egypt and minerals of the Mediterranean basin. Transportation by ships made a more direct and safer intercourse than was possible by caravans, so we find these people in their little ships pushing out from Sidon first and then from Tyre into the Mediterranean and establishing trading posts on its islands and in distant parts.

Their skill was displayed by colonization, for since dependence could not be placed on the natives—who were generally semi-barbarous—for the handling of barter and the making of exchanges, so little colonies were organized and through the medium of the colonies the influence of the native trader was promoted and his business conserved.

While more or less shrouded in uncertainty and historical haze, it is reasonable to believe that this commercial people conveyed such merchandise as spices and the choice products of the East as far as the Pillars of Hercules and even beyond, making their way to the Baltic and bringing back amber. From Spain was obtained metals. Silver ranked high then as a metal and the seeking of it was one of the most pressing occupations of the Phoenician trader.

This people demonstrated ability at adaptation and we find them converting raw material into finished products, and especially achieving a reputation for the manufacture of purple dyestuffs, extracted

from the purple fish that they picked up along the shores of the Mediterranean.

So far as we can discover the larger share of the trading done with the Phoenicians was on the barter system, that is, merchandise for merchandise. For the products of the East and its own purple dyestuffs they received the grain of Egypt, the amber of the Baltic, the minerals of the Mediterranean basin. While in the very zenith of their activities and prosperity there is no record of the use of money, as we know that term. Silver bullion was used for exchange purposes, but probably in the way of barter and not as a form of currency. There is some reason to believe that prosperous traders and trading companies arranged with individuals and ship masters to supply them with merchandise, and to wait settlement until they had returned from their voyages and brought back the merchandise for which the Phoenician or eastern products had been exchanged. This may have been, in a measure, the giving of credit or there may have been some form of obligation that made it other than a personal and confidential transaction, such as we impute to buying and selling on credit terms.

Were it possible, in this series of articles, we could speak at greater length upon certain features of the skill manifested by the Phoenicians and how it happened probably that they developed such a tendency for trading and commerce. We need bear in mind, however, but the pertinent parts of the history, that at a period antedating some of the Biblical events extremely remote, these people were conducting a trading business. Indeed, when the building of the first Temple at Jerusalem was planned, the King of Tyre supplied timber from Mount Lebanon, and even then the Phoenicians had developed great skill as the manufacturers of certain products and in bringing together the products from the east and the west for exchange.

But there is a fact of great interest about these people—a moral lesson to be drawn from the history of the nation so far as it was given to posterity. The Phoenicians were immoral in their trading. They did not hesitate to lie if the falsehood would expedite an exchange—to misrepresent the traders of other nations in order that the business might be concentrated within their hands, and furthermore, they were slave dealers. Human beings as well as commodities were bought and sold, and it is no stretch of imagination to believe that it was the Phoenicians who bought Joseph and resold him in Egypt at a profit.

This immorality would explain, in our opinion, even more than the ambitions of Persian monarchs, the decadence of Phoenician prosperity. We have here an added demonstration that the perpetuation of a people as well as of a national commerce rests upon moral standards, that institutions, no matter how great they may become, cannot stand up against immoral practices; that decadence sets in even when there is every appearance of prosperity in immediate affairs. And with this lesson to be taken from the history of the Phoenicians' commerce, is not there every reason for us when defending the credit system of the nation and striving to perpetuate our commerce, to insist upon the observation of moral standards and to do so advisedly? To effect a transaction by the telling of a lie

is not only traitorous, but an injury that will weaken the traditions as well as the nation's future. Although adherence to moral standards in credit matters may seem at the moment expensive, yet in the summing up it is essential for the conservation of the future welfare of national and individual life.

The Credit Man and His Work

ARTICLE III.

The quality following thoroughness in efficient credit management is concentration, in our opinion. Concentration is more than application—it is economic application. Concentration is more than thoroughness—it is thoroughness at a minimum of effort.

If the credit man directs his attention to one thing at a time, this singleness of effort will help him to discover the weak and the strong points of the situation more quickly and accurately than he could were he endeavoring to do several things simultaneously.

How does this work out in practice? Let us take an illustration:

A salesman appears at the credit department and says: "Mr. Manager, I have just sold a new buyer; he has laid out a very excellent line of our merchandise and wants it on the usual terms." Should the manager say in answer to the salesman: "Just at this moment I am thinking over another problem, but sit down and within a few minutes I shall take up yours." He then dispatches the first and listens to the story of the salesman and determines with directness and quick decision whether or not the buyer should be allowed to go, under the impression that he will receive the merchandise on the usual terms of the house, or be expected to tell more about his business and his financial abilities to the credit manager himself.

We know well what the answer to this recommendation is—I have so many things to do that I must rush them all; I cannot afford to give much time to any one thing. This is a dangerous excuse. The credit manager cannot afford to settle any question or problem unless it has received all the attention or thought that it deserves. The rush and confusion of the moment must not upset the credit man's determination to treat every question with that maturity of thought which brings safe conclusions.

Men are all the time paying heavy penalties for hurried thinking. A general in attacking a line makes a great mistake if he does not defer the attack until the enemy's lines have been fully observed and the point of least resistance discovered—merely to rush into the fight pell mell, trusting to luck to break the enemy's lines, and not making the attack intelligently and with a singleness of purpose, is taking great chances and the result is unnecessary loss of life and a certain reputation of poor generalship.

We cannot be expected always to feel in the spirit to meet a task just as it presents itself and it were better, therefore, to defer the time of attacking a problem until everything is in readiness, and then by concentration a quick and generally accurate decision can be reached. Concentration may be, but is not generally inherited. It is the result of cultivation and frequently what is attributed to a poor memory is nothing more than the result of poor concentration.

In going through the streets, you look at the articles displayed in the shop windows—how many of them can you recall? You may

be listening to an address and at the same time turning over in your mind a problem of the day before or one to come up to-morrow. While meeting men your mind may be wandering miles away, grappling with things that have nothing whatsoever to do with the present. In passing by shop windows your thoughts may be far away and the articles in the window may make no lasting impression.

Concentration may be cultivated by keeping the mind directed solely on the matter under review, on the address that is being made or the men that are being met, or the things that are displayed; although it may be difficult at first to keep the mind from slipping off from time to time, it can be brought back with exercise of the will and concentration thus encouraged.

Take the credit department with its many little items more or less interesting, more or less vexatious, coming up all the while. None of us have our days under complete control and we must learn to do one thing at a time in the midst of incidents we had not planned and confusions we would wish to avoid.

In going over a financial statement, when endeavoring to balance various parts to determine whether the maker has too much stock, has too many accounts receivable, owes his bank too large a sum or is selling too many goods on credit, it is impossible to do consecutive and accurate work unless concentration keeps the mind on the subject and it is not permitted to wander over foreign fields into problems having no relationship with that in hand.

The cultivation of concentration by the credit manager and credit student is of primary importance. Numerous illustrations in support of their presentation of concentration as one of the most important qualifications for efficient credit management might be given, the men whom history has honored were men generally with a single purpose, who attacked their problem with directness, and became captains in their lines through concentration and diligence in the pursuit of the vocations they had elected to pursue or, under certain circumstances, were compelled to follow.

If this quality of concentration gets control of credit management, results will follow that will astonish both as to nature and extent.

Technical Course for Grocers

"A Technical Course for Grocers" is announced by the educational department of the Y. M. C. A. of New York, patterned after the course of the Institute of Certificated Grocers in London, England, and supervised by Chas. A. Elliott, a Fellow of said institution.

The course is intended for grocery store owners, managers and employees, and takes up practical subjects, such as window-dressing, care of stock, advertising, salesmanship, grocery accounting, etc.

Leading grocery experts of New York are to give lectures, while the supervisor conducts discussions and practical laboratory demonstrations. The course proposes to give members also an understanding of various food products and how to present them and build up their sale.

The National office will watch the development of this course with interest and hopes for its success and that it may have many imitators all over the country. Increased efficiency in grocery retailing means much to sounder credits.

The Collection Letter

A. M. Meckelnburg, of the Mishawaka Woolen Mfg. Co., writing in a chatty vein to the National office, interprets some interesting observations on the subject of collections.

He says that the collection letter is one of the most important that goes out of the house. His work, he says, is to write delinquents after their accounts have run the gamut of the ordinary collection letter, and his effort is to make his letters so characteristic as to stand out alone and absolutely fit the recipient.

If, for instance, the debtor is inclined to be a little sporty he gives him one of those "You know me, Al," letters. If he was formerly a cow-puncher or ranchman before he entered upon a commercial career, he talks to him in the vernacular of the ranch. If he is a foreigner with a limited knowledge of English, his endeavor is to employ the shortest words, such as the average boy of nine or ten could understand, but brought together in such a way as to impress the debtor with the importance of giving the communication attention. It is on the rarest occasions, he says, that he would feel justified in making veiled threats, for his experience is that letters straight from the shoulder produce the best results and ambiguity and sarcasm must be positively avoided and veiled threats used only with the utmost discretion.

He says his effort is to keep out of the rut and to do this his practice is when writing a half-dozen letters on the same subject, to change the question and employ, when possible, different words conveying the same general meaning, for he feels that the collection manager must keep away from that constant tendency to write a stilted letter, for stilted letters never "make a man sit up and take notice."

It is just as essential, he declares, to get a man's attention when endeavoring to get him to pay his account, as to have his attention when trying to sell him a bill of goods. When a salesman is endeavoring to sell a bill of goods, he ought and probably does, endeavor to measure the man's capacity. So in the collection letter, the writer must measure the capacity to pay, and if it is impossible to get complete payment then the effort must be to get in the entering wedge in the form of partial payment.

Mr. Meckelnburg encloses some letters which he believes are a little different from the usual in the collection field.

I

"We cannot understand why we have had no reply to our several statements in which we asked for remittance in settlement of your account amounting to \$——— that is now considerably past due.

"We endeavor at all times to make prompt shipment of your orders, and believe when you properly consider the matter you will accord us the same treatment in payment of your account.

"We will appreciate your check by return mail, or an explanation from you if there is a proper reason for delaying payment longer."

II

"You, as a business man, have extended credit expecting that your debtor would pay at a certain time.

"If you had no payment on the expected date, you sent a statement. After a week or 10 days you mailed another statement—and then another. You had full confidence in your debtor, or you would not have

extended the credit. You assured yourself after having no response to your first statement by thinking: 'There are many reasons why a man cannot always pay promptly.' And after the second you probably thought: 'It is strange that I do not hear from Mr. _____.' After no reply to the third statement you must have thought: 'Mr. _____ is not much concerned in this account, because, even if he cannot pay, he surely can explain conditions.'

"To be satisfied of Mr. _____'s good intention, you should have then had a check balancing his account, or his explanation.

"This is the history of our account with you amounting to \$_____. Will you not satisfy us of your intentions?"

III

"To follow up our letter of _____ we wish you would tell us what you would think if you should have mailed that letter to your debtor, and received no reply.

"We cannot follow the story any further, because we have had no reply from our debtor, and we cannot conceive of any reason why we should not have had; consequently, we do not know what to think.

"Would you have been as lenient as we are? Would you not have been just a bit alarmed? We are not, because we yet feel that the cause justifies the delay. We do, however, expect to have your remittance or explanation by return mail."

IV

"Puzzled why our numerous requests for payment have met with no response, we remembered that some customers prefer waiting until draft is drawn on them. Perhaps you have overlooked that we have heretofore drawn on you, which draft was returned unpaid.

"We are now writing you to avoid making collection agency draft, which draft may cause embarrassment, but in the absence of a reply to this letter we will take it as an assurance that you will be prepared to promptly pay the agency draft to be drawn on you _____ for \$_____, the amount due."

V

"Courtesy between business men—the desire to do one a favor and in return have a favor done, does much to create good-will—doesn't it?"

"Would you, then, be kind enough to let us have your remittance in payment of your past-due account? We have favored you by waiting since December 15th of last year. Now reciprocate, and let us have your check by return mail. We will appreciate it, and favor you again should occasion arise. Thank you."

VI

"We cannot understand why we have had no reply to our several statements in which we asked for remittance in settlement of your account amounting to \$_____ that is now considerably past due.

"We endeavor at all times to make prompt shipment of your orders, and believe when you properly consider the matter, you will accord us the same treatment in payment of your account.

"We will appreciate your check by return mail, or an explanation from you if there is a proper reason for delaying payment longer."

VII

"There is still an amount of \$_____ unpaid on your account, although we have sent you several requests to remit.

"As it is necessary for us to have prompt settlements, we take this means of calling your attention to the matter once more. Kindly let us have your remittance by return mail that your past due account may be balanced.

"Thanking you in advance for your kind attention, we remain."

VIII

"You will be surprised, no doubt, to learn that you have overlooked our several requests for the small amount due us.

"We know exactly how easy it is to forget these small amounts, but

you will appreciate that the very smallness of the amount you owe makes it expensive for us to send many letters in regard to it. Will you, therefore, send check to-day? It's only \$——.

"Your prompt compliance with our request and your kindness in not asking us to write you again will be much appreciated. Some time we will return the favor.

"Act now and get this small indebtedness off your mind and our records."

IX

"Why have you treated us—and your account of \$—— as you have?

"You know we have absolute confidence in your ability to pay, so cannot understand why we have received no reply to our several requests to remit. Even your failure to reply has caused us no uneasiness, but we feel the courtesy and consideration shown you deserve equal consideration at your hands. Isn't it true? The best evidence that you agree to this view is that you remit now and not overlook the account again.

"You owe it to yourself to allow no further delay in the matter of this past due indebtedness.

"We thank you for the courteous attention we know you will afford this request."

X

"There is still an amount of \$—— unpaid on your account, although we have sent you several requests to remit. As your indebtedness is now long past due, we will appreciate your giving prompt attention to this additional request for payment, and remit in full settlement by a very early mail."

XI

"Although you have made us a payment to apply on your account in response to our recent request to remit, there is still a balance of \$—— that is now long past due. At this time we would very much appreciate your remittance in settlement of the amount, or at least be advised when it will receive your kind attention.

"Hoping to hear from you promptly, we remain."

"We are sending you a statement showing a small balance of \$—— unpaid on your account.

"Since we have written you before regarding this difference we consider you are perfectly familiar with the reason for same. As the amount due us is small and we feel we are entitled to payment, we trust you will kindly send us stamps (where over \$1.00, check) to cover, that your account may be balanced."

XII

"We have patiently waited for full settlement and have granted you so liberal an extension that now your account, amounting to \$——, is very long past due.

"As we have our own obligations to meet, we cannot wait indefinitely for payments of past due accounts. We do not want to cause you any extra expense, or have any unpleasantness arise over your indebtedness, as the consideration already shown you proves, so if your account is not paid within five days from the date of this letter, we will draw on you through your local bank for the amount due us. If draft is not paid when presented, you will compel us to protect our interests in this matter, and we shall give no additional notice of our intentions."

Members of the Association having communications from A. J. Canterl of Paynesville, W. Va., or Canterl & Vance Co., Bradshaw, W. Va., are asked to get in touch with the National office.

The Education of the Credit Man

By CHARLES W. GERSTENBERG, Director, Department of Commerce, Accounts and Finance, New York University.

If the credit man is to keep pace with the modern trend of business, he will look upon his calling as a profession and doing so he will realize that it has back of it a science which requires endless study. A science is not a group of "tricks of the trade" but a body of classified knowledge upon which action can be based in any specific case.

The science of the credit man is really divided into two parts, the first of which is concerned with credit conditions generally and the second with the analysis of specific risks.

In preparing himself for the first part of the science the credit man will study economics and fundamental business conditions as well as the theory of money and credit. As a result of this study and of his ability to analyze the facts derived therefrom he ought to be able to analyze the credit conditions of the country. He ought to know how to select the barometers of business which serve best as an indication of the trend toward prosperity or toward depression. He ought to be prepared to take an intelligent interest in political and legislative movements and to foretell with reasonable accuracy the probable effects which these movements will have on the future condition of the country.

The more specific work of the credit man, however, will be his studies relating to the functions of the credit man in the analysis of specific risks. The credit man should have a broad training in accounting and especially in auditing. He should be well equipped to prepare financial statements and should understand how to analyze and interpret them. Moreover, he should understand the effect of the different methods of organizing business; what are the rights and liabilities of the members of partnerships, limited partnerships, corporations and other forms of association. This will lead, naturally, to a consideration of the effect of financial policy on credit standing. The credit man should understand the proper use of investment credit and banking credit, correct reserve and dividend policies of corporations.

The work of the credit man in checking credit is a separate topic. The credit man should understand all the elements that determine the risk and how he can get the necessary information to discover what those elements are in any given business. This information, however, requires proper assembling, analysis and interpretation; it cannot be used haphazardly.

Finally, the credit man is usually entrusted with the collection department. He will have to understand the psychological basis of collection principles. He must be able to use the English language effectively not only as a means of expressing his own thoughts but as the medium for impressing them effectively upon his correspondent. The credit man, in this connection, will be required to have some knowledge of the usual channels, legal and quasi-legal, used in the collection of difficult accounts. The bankruptcy law should be an open book to him. In fact, the credit man cannot know too much about the law and the ideal credit man is one who has taken a thoroughgoing legal course.

There is a number of special topics which interest the credit man and about which the well-informed credit man is constantly thinking. A young member of the profession would do well to make his acquaintance with these topics as soon as possible and to read every word that has been written by the older members on the subject. Such topics are the use of trade acceptances, the work of the commercial note broker, the assignment and discounting of accounts, unearned discounts, the work of credit men's associations, foreign credits, bankruptcy abuses and the like.

How long will it take a credit man to become well trained? Some doctors are now practicing—and they are not very old—who became physicians after two years of special study. Medical science, however, has become so complex that from five to six years after graduation from high school is now required. The tendency in the law school is to require from three to four years instead of two years. It is not requiring too much of the young man who wants to adorn his profession to require three years to cover the work outlined above. A man who will take the time to train himself in the subjects specified, with good personal habits and a strong physique ought to have little difficulty in reaching the top of a profession where the emoluments are sufficiently great to attract men of big calibre.

A Step Which Will Give Adjustment Bureaus Greater Recognition

The adjustment bureau of the Cleveland association has taken an important step which is greatly to increase the popularity of adjustment bureau service, in the issue of a monthly bulletin covering the activities of the bureau during the month. Here are gathered up and listed all the active cases in charge of the bureau; a list of the new cases taken charge of during the previous month, as well as the cases closed during the previous month. Furthermore, there are comments upon interesting questions which have arisen in the handling of the cases; also extracts of interesting court decisions.

We know of no better way to impress upon our members how great is the constructive work which these adjustment bureaus are performing—a class of work which should give them such a standing in credit circles as would lead every member of the Association to become a sincere advocate among his fellows, not only of adjustment bureau principles, but of adjustment bureau service, as it is being developed by the Association. It should be ever borne in mind by those who have reason to use adjustment bureaus, that they are dealing with a most difficult department of business service; that, after all, these bureaus are human institutions subject to errors of judgment and worse frailties.

All of us, in a greater or less degree, experience these failings; but an attempt is made to overcome common weaknesses by giving the bureaus the advantage of close supervision under local adjustment bureau committees, chosen from among the strongest members of the local association. These committees are expected to direct honestly the work of the bureaus, and for the most part, they are fully meeting these expectations.

The Cleveland bureau in its latest action has led the way to establishing greater confidence in adjustment bureaus as conducted

under the auspices of the branches of the National Association of Credit Men and greater confidence will be followed by greater adjustment achievements.

It Took the Women to Remove the Fire Hazard

The chief note in all political discussions regarding fire insurance rates is that the so-called "insurance trust" is the oppressor of the poor innocent business man. As a matter of fact, if one would only probe more deeply into the question, he would find that it is this same poor innocent business man who is oppressing himself, his neighbors, his community and the insurance companies because he insists on taking the most desperate chances on his own property, as well as on other peoples' lives and property in order to save money in premiums or in improvements to prevent fire. It is just this thing that constitutes the ever-present moral hazard against which insurance has to make a never-ceasing fight, single-handed.

While it is true that this fight is made for business reasons, it is equally true that the business reason is also the moral reason. It is not the basis of insurance to accept the risk where there is a moral hazard, its function being rather to make a rate for the physical hazard. Yet there are moral hazards so bound up in the mass that they cease to be moral hazards; and chief of these is the willingness of the American business man to take long chances, provided only that he is insured. When it comes to paying the fiddler, he usually does stand by and take his chances, and then is painted by the political demagogue as an innocent victim of the "insurance trust." Instead he is the author of his own troubles, though he may not be willing to admit it.

To illustrate this point the "Quarterly of the National Fire Protection Association" tells of the fight that was finally taken up by the Chamber of Commerce in a large eastern city before a certain large department store would make certain greatly needed changes and remove the fire hazards that were daily imperilling the lives of its employees and customers, to say nothing of safeguarding its own and the property of its neighbors, who had been paying excessively high premiums on account of the immediate danger of fire in the department store. Either they were afraid of the big store, or else were too indifferent to protest against existing conditions. Even appeals to the newspapers were of no avail, for the concern was a large advertiser. When at last the women's fire prevention clubs forced the fight out in the open, the store was compelled to make improvements.

Observance of Fire and Accident Prevention Day

Fire and Accident Prevention Day probably was more widely observed this year than ever before. In many of the states governors issued proclamations calling upon the people to do those simple and necessary things which are known to lessen the chances of the visit of the fire fiend. Schools took up the demand for a reduction of the fire waste which comes through carelessness. Fire departments and officers in many of our cities took various means of impressing upon the minds of citizens the fact that they have it in their own hands to curtail the annual loss by fire.

The celebration of Fire Prevention Day in Portland, Ore., was perhaps somewhat more elaborate than the celebrations held in most cities, yet is typical. Perhaps the business men seemed to be more impressed with the value of giving wide publicity to fire prevention than in other parts of the country.

The work at Portland is interesting to the members of the National Association of Credit Men, because, to a certain extent, leadership in the fire prevention movement there has fallen to the fire insurance committee of the local association, J. A. Jamieson, of the Goodyear Tire & Rubber Company, chairman. As part of the celebration, the school children were the first to have their notice called to the meaning of the day, for eighty uniformed firemen spoke to the children at the opening of the morning session. There was a drill on the river for the fire boats, and at noon a luncheon given by the Chamber of Commerce to the captains and officers of the fire departments, with the governor, mayor and state fire commissioners the principal speakers. In the afternoon there were drills in the street, including racing to hydrants to get first water, jumping into nets by firemen, etc. At 3:30 there was a parade a mile in length in which were represented practically all departments of business. From the small towns of the state came volunteer fire companies, so that they imbibed some of the enthusiasm of the day. There was a lecture in the evening given by fire marshal, Jay Stevens, illustrated by pictures, also a talk by Professor B. H. Williams, of the University of Oregon, on accident and prevention.

The state superintendent of instruction had asked the county superintendents to read and explain the significance of the governor's proclamation, designating October 9 as Fire Prevention Day, to the schools. The state fire commissioner sounded the warning note to the public, and the governor's proclamation was an earnest document. The editors of the daily papers throughout the state fell in line, so that the result was that every citizen could not fail to know that October 9 should have a real significance in his life.

Growing Necessity of Prompt Interchange in Paint, Oil and Varnish Lines

The committee on credits and collections of the National Paint, Oil and Varnish Association, at its recent annual meeting, pointed out that there never has been a time when the need of thorough-going interchange service was so important as now, because the current year has seen a volume of business in paint and varnish products unprecedented, due to advancing prices. As a consequence, every merchant is striving to purchase all the goods he can possibly obtain on credit, which makes it difficult for the credit man to steer a reasonably conservative course and at the same time not unnecessarily curtail the volume of his business.

The committee, therefore, urges the members of its association to cooperate with each other in building up the facilities of credit exchange bureaus, particularly as operated under the auspices of the National Association of Credit Men.

It points out that there are fifty-one of these credit interchange bureaus, one in every city where there is a paint club, except New York, Cleveland, Detroit, Des Moines and Los Angeles.

The committee speaks appreciatively of the outlook in New York for the development of bureau service as a move which will greatly strengthen the whole credit situation.

In commenting upon the report, Mr. Uehlinger, a member of the committee of the National Paint, Oil and Varnish Association, pointed out that with the recommendations of the committee carried out, and the continued development of interchange bureaus by the National Association of Credit Men, the paint and varnish industry would have practically a national credit interchange.

The committee also pointed out that there was a definite move for uniform terms in the sale of paints and varnishes, namely, sixty days net, 2 per cent. off ten days.

The credit men of this line of trade recognize that short terms make better merchants and long terms make reckless merchants, that 95 per cent. of the bad debts are from long terms. Members of the association are resolved to work together to bring about universal terms and their faithful observance.

Canadian Credit Conditions

The Bulletin is indebted to A. S. Crighton, secretary of the Canadian Credit Men's Association in Toronto, for a sketch of business conditions in the Dominion, particularly the provinces of Manitoba and Saskatchewan. Mr. Crighton says that the members of the Canadian association are finding that collections throughout the Dominion are good; that indebtedness is being met with reasonable promptness. The marketing of the western wheat crop is putting a large amount of money into circulation; and though the yield this year in Manitoba and Saskatchewan was poor and the quality of low grade, the price is so exceptionally high as to put as much money into the hands of the farmer as he would have received had the crop been an average one.

This is in addition to the fact, says Mr. Crighton, that the farmer received from last year's bumper crop big returns as soon as the reaction resulting from the outbreak of the war was overcome. It has put business on a strong basis; and while there is no boom, people are buying what they want and paying for it. There has been a distinct decrease in failures in 1916 as against 1915. In British Columbia, the greatest improvement has been noted, though conditions still leave much to be desired.

From the Canadian association at Winnipeg the report is that collections generally throughout Canada have been unusually good, all the provinces appearing to enjoy their full share of prosperity, which is everywhere evident. In the lower provinces and the provinces of Ontario and Quebec collections are still excellent, and the prospects for the coming year good.

The northwest territories have shown a decided improvement over former years, for the unusually large crop of 1915 improved the feeling greatly, and with a few exceptions payments are reported as satisfactory. The wholesale trade reports a large increase in orders for spring business, and while stocks are low in many lines, the hope is to be able to fill orders before the goods are absolutely required.

The Canadian insolvency record for the past nine months shows a substantial betterment.

The report from Winnipeg is that collections are not as good now as they were up to a month ago, for the weather has been poor for harvesting, and the harvesters have returned to the east, which means that threshing will be a long drawn out affair.

There are practically no insolvencies, for business has never been in healthier shape. Sales are far ahead of any previous year.

Fire Insurance Committee of Cleveland Association Working Along Practical Lines

At the instance of the insurance committee of the Cleveland Association of Credit Men, Cleveland's fire protection facilities and equipment are now being re-surveyed by the committee on fire prevention of the National Board of Fire Underwriters.

The Cleveland committee, disturbed by recent fire losses, determined, if possible, to find out what Cleveland lacks in fire preparedness, and has gone to the highest experts in the country for an investigation which shall discover whether or not Cleveland is behind the cities of equal population as regards modern fire fighting and efficient fire alarm telegraph equipment.

The committee found that at the time of the previous surveys by the underwriters' board in 1912 and 1914, the report was to the effect that the equipment had not kept pace with the growth of the city and that the recommendations of the fire chief had received little attention from the city authorities.

Chairman C. H. Patton and his committee are to be congratulated upon entering into work of such practical advantage to the community. They do well to enlist the help of the highest experts in the field of fire protection and prevention engineers.

E. L. McClure Reports on the Bankers' Convention

One of the subjects of particular interest to credit grantors, taken up at the convention of the American Bankers' Association, as reported by E. L. McClure, accredited representative from the National Association of Credit Men, was uniformity in credit statements as a basis of bank loans. It was held by many of the bankers that there is great loss of time and effort, besides an absence of definiteness, due to the currency of so many forms of statements rendered to bankers. The general consensus was that the Bankers' Association should lead in an effort to fix upon a standard form, which would tend to simplify the analysis of the statement. Especially it was felt that there should be a clearer separation of liquid assets from permanent investments and those other asset forms which are subject to heavy depreciation.

There was also taken up by the bankers in convention the problem of working out a form upon which merchants and manufacturers would make to banks, inquiries regarding customers, the theory being that there is great waste of time and considerable abuse attached to the system of securing information from banks. The hope was expressed that the blanks might be so drawn as to secure

the banks inquired of getting fuller information as to the reason of the inquiry than has generally been the case.

Mr. McClure ventured the suggestion in his report that here is a matter in which the two associations—American Bankers' Association and National Association of Credit Men—ought to cooperate closely.

A Few Credit Considerations

By J. H. FAUCETTE, OF THE FAUCETTE, PEAVLER SHOE CO., BRISTOL, VA.-TENN.

There are two reasons why a concern or individual cannot get credit: First, they are not known; second, they are known too well. It is easy to decline an order received from a party upon whom we have full information; the difficulty comes with those unknown parties who knock at the door for credit.

When a credit grantor finds on his desk an order, say for \$500, and looks in one of the agency books and does not find the firm's name there, he at once asks himself how he may get sufficient information to justify him in shipping the goods. He proceeds to get a special report from the agencies, only to find that these reports differ so materially that he is not helped by them to a decision. Perhaps he gets a report from an attorney or is able to find trade reports; perhaps his salesman is one in whose judgment he has confidence, and in addition to all this he takes into consideration the state in which the customer resides, its laws and business customs, the sentiment of other merchants toward this new customer, and whether or not the general inclination would be to protect or prosecute if things go wrong with him.

Again, the credit grantor has to know something about the sentiment of the neighborhood, the general standing of its people, the collection laws of the state, the chances of assistance through a local attorney if it should become necessary to use one. It is necessary to consider the firm's prospect of success which depends upon local surroundings and ability to live within the probable income, the amount of fire insurance carried, and whether or not the parties are given to endorsing other people's paper.

It is not always a question of the amount of labor which a credit grantor puts into his investigation that counts but more a question of good, hard common sense and judgment which prevents him from making positive or negative mistakes. It is not the man with strong muscle necessarily but the man with strong mind who has the ability to take every advantage who "gets there" and at very much less cost than the man who depends entirely upon his muscle.

Know well what you want to do and then it is easy to do it. Study out with any new customer the best probable means of getting your information, and the more you know the simpler it is to pass intelligently upon the soundness of the credit risk.

An Invitation to Confusion

The attention of the National office has been called to the existence of an organization at Tacoma, Wash., under the name of National Association of Creditors. This organization is formed to make collections, and is not to be confused with the branch of the National Association of Credit Men located at Tacoma, under the name of Tacoma Association of Credit Men.

Dry Rot

By W. C. RODGERS, St. Paul, Minnesota.

Statistics show that few merchants succeed, while many fail. Every credit man probably knows the unsuccessful type better than the successful. Here is an average case. It is that of a man who engages in business for the first time; probably he has been a clerk; his habits are good; he has learned the business, is frugal, has made a start upon what he has himself saved, together with a loan from a relative. He is an enthusiastic optimist, a well-meant fellow.

Our young business friend, of course, asks for credit, and gets it, for he is applying himself attentively to business and is perhaps succeeding. Probably he gets married and buys a home. With increasing success, he believes it necessary to broaden out. He may argue himself into the belief that with an automobile he could handle better some of his business, but the temptation is too great, and he spends some of his time in journeying about the country roads which he ought to be spending in the office. Possibly he goes into politics, and gradually trusts his business to others, yields to the temptation of making financial statements in which he underestimates his liabilities and overestimates his resources, and forgets to mention his indebtedness to relatives.

This young merchant who started with such promise now becomes slow in his payments, neglects to answer his correspondence, is careless about the appearance of his store and warehouse, and, worst of all, develops an affinity for booze. Being pressed by creditors, he transfers property to relatives or attempts to prefer them. Here we have a first-class wreck, physically and financially, whose loved ones are in despair of him, and whose creditors are facing a heavy financial loss through him. Now, the question is, what is the cause. This is easily answered. It is simply an every-day type of the disease, dry rot.

Now, dry rot is a microbe, active, healthy, formidable, pernicious, and flourishes in all climates and under all conditions. As soon as it gets into one's system, office or work shop, its influence is immediately felt. Its victim is plainly marked for life unless heroic treatment is promptly prescribed, and rigorously followed up.

There is at the present time in the city of St. Paul one of the largest hospitals in the country devoted strictly to this commercial disease, dry rot. As a member of the staff of this hospital, where are now being treated some three hundred and fifty cases, representing all types and progress of this special disease, each and every case affording a wonderfully interesting study, I am going to mention some of the general symptoms that must be treated for out of the clinics held daily at this hospital. Out of the research work being continually prosecuted for the purpose of finding causes of breakdowns, there ought to be discovered methods of reducing the ravages of the disease.

But besides the hospital work, the system includes a prevention bureau in the form of an extensive reporting plant, having for its object the detection of the disease. Now, there are scattered throughout the country, but having no connection with this special hospital work, practitioners who are frequently called upon to administer first aid to the

patient afflicted with commercial dry rot, and not having specialized in the disease employ methods which greatly aggravate it and cause special anxiety and care when finally the case reaches the hospital.

The hospital work is carried on somewhat in this wise: A party or group of men engaged in business in some distant country town who is afflicted with this well known disease is brought to the hospital; a consultation is immediately arranged for, probably with several relatives present, practically all of them financially interested in the case. The physician in charge—in our case, John P. Galbraith—generally presides, makes a diagnosis, and very likely, with the aid of relatives, prescribes a treatment. Incidentally, practically every patient brought in has a long string of interested parties who very likely have to be consulted. The first thing that must be done probably is to separate the patient from his goods, chattels, receivables, etc., as it has been found by experience that permanent recovery cannot be made if he is allowed to retain possession of any of his property, and care is taken that the property is withheld from the control of relatives. This procedure has been found absolutely essential in all first-class hospitals handling the disease in question.

After this operation has been performed, there sets in immediately a reaction, frequently proving fatal to the patient, in which case the interested parties, or mourners, as they are sometimes called, are promptly notified and interment follows. Upon the patient's demise, his goods, chattels and receivables are reduced to cash, and after deducting funeral charges, proper hospital fees, etc., the proceeds are distributed ratably to the mourners. But fatal cases do not by any means predominate.

Through this hospital work some really remarkable cures have been performed, probably not due so much to expert treatment as to the iron constitution of the patient. The invalid goes forth rejuvenated, wiser by far, yet seriously reduced by reason of this operation. He leaves the hospital promising to be careful, cautious and prudent, and not to contract the dry rot disease again, but all of us know that his system is now susceptible to the microbe and there is ever danger of his having to return for treatment.

Some of the patients come to the hospital suffering with bankrupt-itis. This is a dread form of dry rot, yet some miraculous cures have been effected. It seems paradoxical that although the patient is suffering with the most serious type of the disease, yet it frequently occurs that swift recovery is made, and the patient arises in perfect health, asks for his discharge, gets it, and goes forth a whole man, perhaps remaining so for some years to come.

It sometimes happens that the staff is advised of a case in a distant city and is requested to come and care for it. A member of the hospital staff is immediately despatched to make examination. Sometimes the case is found so aggravated that the patient refuses treatment, and force is required to bring the case under the supervision of the hospital, where, after conference with relatives, the patient invariably submits to treatment.

Admitted, then, that we have a true disease in this commercial dry rot, what is being done to stay or prevent it? The writer is pleased to say that at this time, scattered throughout the United States, are about

25,000 experts known as credit men, whose work it is to stamp out the disease, and they are doing this as other experts are working, through the education of the merchant. They show the merchant how successfully to conduct his business, caution him against such dangers as cheap credits, against over-buying, against carelessness with his fire insurance contracts, and other habits which are known to be responsible for dry rot. The credit man's advice is not always followed, and where followed, there is often not much appreciation, but the work goes forward day by day just the same.

Here is a case which recently came to the attention of the writer. A retired merchant living in a small town within fifty miles of St. Paul came to the hospital, or as we had better call it, the bureau, a short time ago for the purpose of buying a stock of goods for his sons, who had succeeded him in business. He was figuring on a certain stock of hardware which the bureau was offering for sale, and among the many questions he asked was as to the particular cause of failure of the hardware merchant whose stock of merchandise was offered. He was told that it was simply a case of this bankrupt merchant spreading out too thin and using funds outside of his business, etc. Then this retired merchant became reminiscent and told of his personal experience in 1893, when his affairs became greatly involved, and being on the verge of bankruptcy, came to St. Paul for the purpose of consulting the credit man of one of his largest creditors. After his condition was made known, the credit man gave him freely some excellent advice, told him exactly what ailed his business and what it would be necessary for him to do to pull it together. In this case, the merchant was wise enough to follow the credit man's advice, and from almost imminent failure, was able to build up a success, and now wishes to see his boys carrying on a business which he had saved by wisely keeping in touch with the credit men who checked his account.

Here is a case where a credit man was appreciated. This old merchant, as he himself said, was told at the time some very unpleasant truths, but he had the sense to take them and profit by them.

Frequently it happens that a credit man is in doubt as to whether to close out an account or increase the line. This is a critical point, but if the credit man would get the habit of running out and seeing his debtor, getting the facts first hand, he would be able to determine whether or not it would be safe to continue. The men who are doing hospital work or adjustment work, as it is more generally called, are all the time advising credit men as to the value of personal acquaintance with their customers. The credit men who follow this policy have just the same sort of advantage as does the physician who by long intimacy knows his patient's peculiar symptoms.

So, while undoubtedly commercial dry rot will always exist, substantial work against its progress is being made by a large body of men, and the figures show that although there is year by year a tremendous increase in the population liable to the disease, yet the disease is being held down to figures that change little year after year, and the percentages are better.

The greatest protection against dry rot is co-operation among the large business houses in various commercial centers, and if every part of the country were protected as is the northwest, through its Northwestern Jobbers' Credit Bureau, wonderful progress would be made.

The Credit System Under the Federal Reserve Act and the Development of the Trade Acceptance

* By GEORGE J. SEAY, Governor Federal Reserve Bank at Richmond.

One of the most difficult of all things to accomplish is to change a habit long formed in the individual or the practice or custom of a nation. One of the easiest of all things to accomplish apparently is to get into a bad habit, or, what is equivalent, the habit of doing things the wrong way.

It is not uncommon to hear it stated that it is quite as easy to do things the right way as the wrong, but practice and experience seem to give the lie to that saying, or else there is some fascination in doing things the wrong way.

Then again, we undertake to do things in what appears at the time to be the right way under the circumstances presented, and long after circumstances have changed we continue to do the things in the old way.

That brings me back to my opening statement—"That it is difficult to change a habit."

There is a property of matter called inertia, by virtue of which it remains in a state of rest until acted upon by some outside force. That habit of the mind which continues to do things as we have always done them bears a close relation to the property of inertia.

In this country, more than in any other, I believe we have shown a disposition to meet new conditions by a change of methods in the effort to promote efficiency. This is by no means a characteristic of all our people, or in all lines of endeavor, but it has been so generally true as to compel those inclined to remain passive, or to cling to old ways, to fall in with the new methods or to drop out of the procession of progress. Every business man constantly witnesses illustrations of this in his line.

Not every new theory or method of business or every mechanical method offered, is an improvement upon the old or a distinct advance towards greater accomplishment. And, unfortunately, in many cases we have been forced for a time, in order to meet competition, to adopt new practices which we have known to be unsound and have condemned. Commerce is warfare of a kind and the struggle for success often involves the defeat of a foe by his own methods, whether they be good or bad.

Banking is, and must always be, a pursuit, in which great conservatism of theory and practice should prevail. No departure from sound established practice should be made until it is subject to the most careful analysis in the light of experience.

It is the one great department of commerce in which this country has lagged behind. While that fact is partly a tribute to the conservatism of those engaged in banking, it is not a tribute to their unselfish intelligence.

It is not my purpose to waste time in criticism of the old banking plan—I will not call it system—except to say that we continued to do business under it for many years, with a tolerance

*Presented to Norfolk-Tidewater Association of Credit Men.

hard to understand, after it had been condemned by the best judgment of this country and of other great countries, and after it had repeatedly broken down under the strain which at comparatively regular periods was put upon it by the business of the nation.

For the first time in our history we now have a banking plan which can properly be called a system, the vital principles of which are, 1st: That provision which enables the reserves to be used; that is, the rediscount or credit principle; 2nd: That provision of the law which permits the reserves of all the banks to be moved to and used where they may be most needed, at the seat of trouble or strain; that is called the mobility of reserves; and, 3rd: The convertibility of bills receivable, representing the real wealth of the country, into currency for the purpose of business or to meet the demands of alarmed depositors; that is the currency principle.

The banks practically pool a portion of their reserves in the Federal Reserve Banks for common use, making the greatest insurance fund ever established, not only for the banks, but for the commerce of the nation.

I am reviewing these things, which you know, for a definite purpose. You are in times of great ease of money, with consequently the lowest interest rates which have ever prevailed. You are, I hope and believe, upon the threshold of great prosperity. It is a time when we can easily forget past troubles—and the operation of unsound banking plans—and many may think, perhaps, that the old plan was not so bad after all for peace and plenty lull the mind. Yet without realizing it, people now are reaping the benefit of the most stable banking condition we have ever experienced. In my judgment, in developing the new banking system we shall have to depend more upon those who conduct the commerce of the nation than upon the banks; that is, we shall have to depend upon business men who will make their influence with the banks felt. The Federal Reserve System was planned for the benefit of commerce. There are apparently many banks which believe that their own interests are not promoted by the provisions of the act, and that their welfare can be better maintained outside of the system. If the conception and principles of the new law are correct and sound, and I believe they are thoroughly so, that is impossible—utterly impossible.

Banks are the instruments of commerce and can grow greatly only through the development of commerce. They develop commerce and in turn are developed by it. There are many banks which think they have done well enough as conditions have been. That has always been a circumstance operating against change. The banks survived—the great majority of them—and frequently profited in dollars and cents by the crisis itself, but they survived always at the expense of commerce; that is, at the expense of those who conduct commerce, and yet the banks were not to blame, but the system.

It is hardly possible that any of you who passed through them have kindly recollections of the terrible panics and depressions at regular intervals for 40 years or more, '73, '84, '93, '03, '07, '14, each period strangling credit, depressing business, thwarting plans for expansion and rendering idle and unprofitable new plants estab-

lished in flourishing times in order to keep up with business, and to meet demands made at high pressure—each occurrence setting a concern back two years or more, if it did not do worse. All this was very largely due to the defects of our banking machinery, which was most admirably designed to bring on trouble and to aggravate it when it arrived.

Notwithstanding this grave handicap, the bank resources of the country have about doubled every twelve years—a tribute, however, only to the resources and energy of the nation. The growth for the past ten years has been slower, for reasons which it deeply concerns you to reflect upon.

During that period of forty or more years not less than ten years were years of setback, or loss of progress, a term which few, if any, of us can afford to lose out of our lives. Had the whole period been one of even progress the volume of our commerce and the resources of our banks would astonish belief.

It cannot be denied that the rapidity and magnitude of the development of the new banking system will depend upon the entry of the state banks into the system, and that, as I have said, will probably depend more upon the men of commerce, who make the banks, than upon the initiative of the banks themselves, just as the business people and commercial bodies of the country were more loyally responsible for the enactment of the Federal Reserve Law than the banks, and it was not until the former made their influence vitally felt that the change was made.

You, therefore, who desire to see us the greatest financial power of the world; who desire to expand our domestic business to the full limit possible under sound practice; who desire to extend our commerce with other nations and to enter into new fields, will foster your own interests if you make it your business to hasten the development of the new system. Truly the proper machinery of banking for the first time has been placed in your hands, and the goal for the first time is within your reach—not immediately, but in due course.

Moreover, the time is coming, unless all economic experience is at fault, when you will need your new machinery to maintain and to protect your own business, and it may come sooner than we now think. In order to avail yourself of the full advantages of the new machinery some changes in the credit methods now prevailing will have to be made.

Now, we seem to have been entirely satisfied to go our own way in this country without paying much heed to how things had been done by other people, whose customs have been ripened by slow experience.

It is difficult to tell whether our practices grew out of conditions naturally brought about, or those conditions were created by practices adopted by some, and imitated by others until they became a custom.

However that may be, it seems necessary to introduce changes into our commercial credit methods in order to reach the greatest possibilities of development under our new banking and currency system, and those changes happen to be in line with the experience of the other great commercial nations, so that we are not facing

an untried experiment, but are rather enabled to adopt the best that others have been able to achieve and adapt it to our own purposes.

There is one principle which, given time, will work a change in the customs of any people, and that is self-interest. I believe we are beginning to feel its impulse. If the American people can be persuaded that any change either in banking methods or commercial practice is necessary to their growth and supremacy, they will not stop until they bring about that change, and they will accomplish it more quickly than any other people. You have already brought about the change in banking, now a change in credit methods must logically follow.

There are two principal causes of commercial failure in this country—the lack of capital and the lack of experience; which ranks first I will not undertake to say. It is probably lack of experience, for only those lacking experience would go into business lacking capital. On the other hand, if capital is plentiful the owner will in time possibly acquire the experience and so survive. So perhaps the lack of sufficient capital is the chief cause.

The lack of capital in small lines of business, and often in large, drives the merchant or manufacturer to the banks. He goes into business to begin with, in many cases, with capital borrowed on his general credit, and when in, often extends his plant on borrowed banking capital. It is a very common thing, therefore, as you know, to see so-called commercial paper which is not represented by any margin of quick assets over current liabilities, but is based upon some fixed form of investment.

After the Federal Reserve Banks were established very earnest thought was expended upon definitions of commercial paper which would be sound, and at the same time be sufficiently liberal to meet conditions which had grown up under another banking system, and under long established commercial practice, and grant relief to a situation very much strained in some sections. A very considerable percentage of paper held by all well managed commercial banks was found eligible for rediscount under the practical definitions finally adopted.

But only the best paper of the banks is eligible. The standard should be rigidly maintained. Only liquid commercial paper can be suitable, or should be available, as security for a currency issue.

The true test of commercial paper lies in the nature of the transactions behind the paper. All short time credits are not real commercial credits necessarily, although the word "commercial" is very flexible and comprehensive. It is astonishing how comprehensive it is in the minds of some bankers when they desire rediscounts. Short time notes, bills of exchange, bankers' or other acceptances are often based upon transactions which cannot in the proper sense be termed commercial—and are not intended to be. They serve their purpose, which relates more to investment banking than commercial banking.

But real commercial paper must always be the most desirable form of paper or investment for banks of deposit and discount, whose deposits are payable on demand, because it is the only kind of paper in which the transactions involved provide the means of paying the paper, usually, if not always, at maturity, and that as

a natural consequence or outgrowth of the transaction, without forcing the debtor to sacrifice.

In the principal European countries this class of paper is sought for its safety and convertibility and commands a lower rate than other classes. In this country paper secured by stocks and bonds readily marketable has always commanded the lowest rates, and the secondary reserves of banks, especially of the great banks, has for many years been invested in demand loans secured by stocks and bonds. In other countries, apparently, commerce gets the benefit of the preferential rate; in this country the security and investment markets have received it.

I do not believe it can be said that this country with its thirty or more billions of internal commerce cannot make true commercial paper, as other countries make it, in sufficient quantity to provide that form of investment for bank funds. Our banking practices and our customs of granting credit must have been and still are at fault. I have not at hand the means of telling you the amount of mercantile and manufacturing capital in this country not invested in plant, and the amount of annual sales of such establishments, but you can make very shrewd estimates yourselves, and the estimated amount of our internal annual commerce, which I have given, will serve to furnish some idea of the amount of real commercial paper which could be based on such a tremendous volume of transactions. If the volume of "book credits" in the whole country were converted into commercial paper or trade acceptances it would make most certainly an enormous total.

There are some who contend that the essence of the obligations would not be changed or improved. I believe that is a mistake, and I think you will agree with me. There is, however, no disputing the fact that the accounts would be put in a form far more available for bank credit and far safer, according to the law of averages, upon which to extend credit. That would in itself be a gain of tremendous import. But human nature is not what I think it is if to give a definite written obligation with a fixed date of payment, which could be passed to a third person, and would be so passed, would not be an obligation tremendously superior to an entry made in a book, whether confirmed by exchange of letters giving terms of sale, or by written order stating terms, or otherwise.

As between acceptances and notes there are those who say they can remember when it was as common to renew acceptances as it is now to renew notes. While I do not pretend to be a competent critic of credit practices, except possibly from a banking standpoint, I am satisfied that an obligation of the nature embodied in a trade acceptance under new banking practice would be given a superior commercial status to begin with, and would have to be treated in a superior way, and would be so treated if necessary to sustain credit, as it would be.

A trade acceptance under the definition prevailing with Federal Reserve Banks is a bill of exchange "accepted by the purchaser of goods sold to him by the drawer of the bill, and the bill must have been drawn against indebtedness expressly incurred by the acceptor in the purchase of such goods."

Please bear in mind that no bill or note is eligible for

rediscount with Federal Reserve Banks if drawn or made for investments of a merely speculative character, whether in goods or otherwise. The trade acceptance must be a purely commercial transaction. It has been given a preferential rate over promissory notes, even when the essence of the obligation is the same.

It will be some time before the promissory note will outgrow its reputation acquired under past banking practices. It has often represented money borrowed on the general credit of the borrower, based upon permanent investments, mixed with liquid convertible assets, than upon purely commercial transactions, with the object of being liquidated by consummation of such transactions. The promissory note has become a continuous performance—part of a standing credit line to which a business has accommodated itself, and which must be maintained. It has been at best a mixed form of obligation, and the question whether it will be ultimately good, rather than its temporary commercial character, has been the factor deciding whether any bank would discount it.

In many cases business has been carried on with the proceeds of credit so obtained, which would have to stop and not merely be curtailed, if payment of the note were demanded. In such cases the trader, of course, has put part of his borrowed capital into plant and has no excess of quick assets over current liabilities; he is dependent upon his plant or other form of permanent investment to make good his note.

It is probably true that commercial banking and investment banking have been too much mixed in this country.

The banks have been driven into it partly by the system of banking which was based upon the investment principle at the start, and partly by our credit system. Whether any change is made in banking practice or not, a change should be made, and will have to be made in the custom of creating paper offered to banks for discount. *There should be a distinct class of commercial paper.*

"Can You Beat It?"

Under an appropriate heading, "Can You Beat It?" the adjustment bureau of the Cleveland association cites about as mean a case of unfairness on the part of one creditor towards others in a bankruptcy case as it would be possible to find in real life. The embarrassed debtor was involved to the amount of \$13,000 and submitted his case to the creditors. The largest creditor had a claim for about \$3,500. But this made no difference, for he worked shoulder to shoulder in the ranks with the smallest creditors.

There was one creditor, however, who had a secured claim of approximately \$250, who apparently thought his \$250 the only item it was necessary to abstract from the estate. This small creditor had ample security valued at several times the amount of the claim, but without attempting to cooperate with the unsecured creditors to get the business back on its feet, he jumped in and instituted suit, attempting to attach not only his security but the entire plant. The creditors borrowed enough to pay off this unreasonable, selfish creditor, when behold, he discovered that he also had an open account against the debtor for \$4.20, which he immediately placed with his

attorney with instructions to bring legal proceedings to recover. The attorney obeyed and made peremptory demand, saying he had no other course but to follow his client's will.

Surely the creditor of this sort would not find a seat in the general convention of the National Association of Credit Men comfortable, or the atmosphere of the convention headquarters congenial. He might there well be the subject of "When a Fellow Needs a Friend."

Activities in Credit Education Field

The St. Louis association has been fortunate in securing for leadership in the commercial credit class, conducted in conjunction with the Y. M. C. A., F. W. Risque, who has made a life study of credit department and office methods.

Associated with Mr. Risque in charge of the class are: Geo. R. Barclay, Simmons Hdwe. Co.; W. G. Sluder, Majestic Mfg. Co.; Wm. Krail, Brown Shoe Co.; C. C. Robertson, Woodward & Tiernan Ptg. Co.; J. A. Burns, A. Leschen & Sons Rope Co.; C. B. Abney, Ely & Walker D. G. Co.

In addition Mr. Risque has secured, to take charge of the various lectures, some of the strongest members of the St. Louis organization and leaders in credit work, and assigned them to subjects for the development of which they are best fitted. Mr. Risque will attend all sessions and endeavor to link the various lectures and coordinate the course.

The Cleveland association has issued its prospectus for the credits course which is to be in charge of George H. Griffith, of the Forest City Paint & Varnish Company. Mr. Griffith will give ten lectures on practical credits, and will be followed by five lecturers selected from members engaged in various lines.

John C. Barkley will lead fifteen sessions devoted to laws of interest to credit men. Twenty-five sessions devoted to credit accounts will be in charge of William Coy, certified accountant, after which and closing the first year, George F. Cast, of the Cleveland Twist Drill Company, will lead five lectures on the subject of financial statements.

During the second year the study of law will be continued, in fifteen lectures. Business economics will be studied under Professor C. M. Knight, of the public school system, and accounting systems for retailers under Fred T. Jones of the Johns-Manville Company.

Cleveland is to have one of the most thoroughgoing courses which has been called to the attention of the National office.

The Credit Education and Management Committee of the Portland association has made an arrangement for a course in credits which will be equal to the best that is to be given this winter in various parts of the country. It has secured the cooperation of Reed College, one of the large institutions of learning in the west, as also the University of Oregon. Reed College has placed one of

its senior students of the Department of Business Research and Economics in the office of the interchange and adjustment bureau of the association to examine records of credit reports and adjustments in bankruptcies with a view to compiling and analyzing statistics. His report will be of material value to credit men. The University of Oregon also has put a man in the field to examine retail establishments with a view to assisting credit men in their work. The universities are to furnish the course with several lecturers who will supply that foundation theory which is absolutely essential to a complete course on credits.

That credit education classes can be held successfully under the direction of the public school system, seems to be fully indicated in Detroit, where the night high school has a credit class of young men and women enrolled. Four or five of the members of the Detroit association are in attendance at the sessions, with a view to making them as practical as possible.

The Credit Department Methods Committee of the San Francisco association, composed of Secretary C. T. Hughes, John Clausen, of the Crocker National Bank, Eugene Elkus and C. G. Moore, has enlisted the cooperation of Dr. Howerth, Director of the Department of Economics of the University of California, in the study of a uniform system of bookkeeping and cost accountancy pertaining to the manufacturing, jobbing and retailing lines. The purpose of the committee is to bring about cooperation between the University of California, Harvard University and the Federal Trade Commission in the adoption of a plan whereby a bureau of research may be established similar to that conducted at Harvard.

On the Non-Notification System of Transferring Accounts Receivable

The Association has insisted right along that facilities for transferring and assigning accounts receivable without notification to debtor and creditor invite abuses, and may rightfully be designated as giving encouragement to commercial fraud.

Precautions exercised by the loaning companies are commendable. Undoubtedly many companies operating on the non-notification system endeavor to safeguard their transactions and to have the moneys loaned used for legitimate purposes. But the wide advertisement of these facilities furnishes the very loophole the man who wants to make a quick clean-up has been looking for and he may do it without arousing the suspicion of the finance company.

Apropos of this and as establishing conclusions, a bankruptcy case occurred recently, and, omitting names as unnecessary and merely embarrassing, the bankrupt had disposed of his accounts receivable on the non-notification basis. The question was asked of the loaning company's representative whether experience had not demonstrated that the non-notification system is a breeder of dishonest bankrupts, to which an affirmative reply was made.

There should be a concurrence of opinion as well as of action to eliminate secrecy in any relations that affect an obligation for merchandise bought or moneys borrowed; and that the finance companies are among those suffering is evidenced in another bankruptcy case, where the bankrupts were found to have kept duplicate sets of books, using one for the verification of its assignments to the company, while the other was the real record of the business.

It is this opportunity for fraud, the ease with which fraud may be perpetrated and the assurance of easy loans held out by representatives of the system that is at the basis of criticism of the secret factor and the time should speedily come when the secret system shall be eliminated from American commercial affairs.

Bulk Sales—Illinois

Where A sells out his goods in bulk to B, who complies with the bulk sales statute, and a few hours later B sells out to C, who does not comply with the statute, under the Illinois law, are such goods liable for the debts of the creditors of A, or would C be liable? B had no creditors.

The Illinois statute regulating the sale of goods in bulk which went into effect in 1913, was declared constitutional in the case of *Johnson Co. v. Beloosky* (105 N. E., 287).

The statute provides that a sale in bulk otherwise than in the ordinary course of trade and in the regular and usual prosecution of the vendor's business, shall be fraudulent and void as against creditors unless five days' notice of the transfer or assignment is given to the creditors of the vendor.

If in the case above, the statute was complied with in the sale by A to B, the claims of all the creditors of A would be cut off from attaching liability to the goods sold.

If the statute was not complied with in the second sale by B to C, the goods would be liable for the amount of the claims of any creditors of B. But B had no creditors, and the goods in the hands of C are in no wise liable to the creditors of A.

Contracts in Restraint of Trade—Michigan

The following statement appears upon the face of an order made in the State of Michigan: "It is agreed that Jacobson Bros. are to have exclusive sale of your line in Greenville, Michigan, unless otherwise specified. Any violation of this clause renders the invoice null and void." The question arises whether such a provision is binding upon the vendor whose agent accepted such an order in writing.

The general test laid down for contracts in restraint of trade in Michigan is set forth in *Hubbard v. Miller* (27 Mich., 14). "Contracts in restraint of trade, which considered with reference to the situation, business and objects of the parties and in the light of all the surrounding circumstances, appear to have been made for a just and honest purpose and for the protection of a legitimate interest, and are reasonable as between the parties, and not specially injurious to the public, will be upheld."

It is believed that in view of the fact that the restraining clause in the contract quoted is limited to the City of Greenville, and its duration depends upon the life of the contract, this clause would be considered reasonable and binding upon the vendor.

On the Uncertainty of Dependence on Rich Relatives

By B. J. FISCHER, New York.

I

I bought a bill, Mr. Creditman,
Suppose you'll ask me who I am.
As far as credit is concerned
I get sufficient and further—mind;
Of rich relations I've a score.
Is anything else that one wants more?

II

Don't press me hard for you'll get paid,
I've got the connections as I've said,
They'll go the limit if e'er need be
To always see that I'm care free.
What's that you say, "I bluff too much?"
Now watch me how I make a touch!

III

I'm sorry sir, to make report
My uncle now is somewhat short
And brother Bill has big expense
To touch him now 'twould not be sense.
The rest of them are out of range
Now don't that strike one rather strange?

IV

I think I'll have to close my shop
Things with me are running slop,
At business here I've not been deft
I'll take the cash and leave the rest.
To debtors I'll bequeath my woes
They'll have a shock from head to toes.

V

The moral of a little poem
Should be to drive a few facts home
That one should not trust overmuch
To boast and brag and things like such,
Wiseest is, as we can see
The one that held the "guarantee."

CENTRAL CHATS



VERNE'S story of Captain Nemo and his under-sea craft gripped the boys of the past generation, but was considered the fancy of a vivid imagination. That material could be used for the building of ships which had a specific gravity heavier than that of water, would have been considered a wild dream but one century ago, and within our own memories to have claimed that a machine heavier than air could ascend and move about at will with the speed of a bird would have been ridiculed.

The impossible things of yesterday are the realities of to-day and the impossible things of to-day will be the realities of to-morrow.

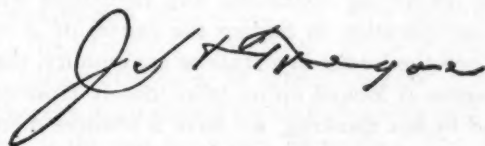
When the disposition comes and presses one to say "It can't be done," then is the time to stand fast and say it can be done. The first effort may fail, but even the making of an effort is a strong element in the building of manhood and repeated efforts eventually bring success.

We may not write our names in the pages of history; we may be known as merely red-blooded workers; but on the scrolls of our own memories and in the books of Eternity may it not be written that we failed because we stifled our better aspirations with the excuse "It can't be done."

YEARS ago I was much impressed when walking into the office of a large wholesale house in reading this legend prominently displayed: "He who does no more than he is paid for will never be paid for more than he does."

The force of this legend might not hit one immediately, but its effect is to strike a direct blow at time servants. Working by the clock isn't constructive, but working by inspiration and holding fast to a task until it is finished is the kind of workmanship that builds strong manhood and strengthens the human fabric of a Nation.

Imagine, if you can, Lincoln watching the clock as he stood by his tasks and unwilling to work even a minute more than his term of service might call for. No! Time formed no part of the rail-splitter's daily program. He worked at his tasks and after they were over spent hours equipping himself for bigger things even through it meant great sacrifice and strain to prepare for better things. Inspiration not the clock must measure the hours of a man's task.

A handwritten signature in cursive script, appearing to read "J. H. Meyer". The signature is written in dark ink and is positioned below the main body of text.

EDITORIALS

The Cincinnati Association of Credit Men continues to lead the way in matters educational in the credit field. The association sees in the university a means of making the young men of Cincinnati far above the average in intelligence, efficiency and broad information among the business men of the country.

There are cities perhaps better favored in natural advantages, but the university and the business men of Cincinnati are working in close cooperation to the end that there shall be nothing lacking that can be supplied in the way of well equipped brain power, and given that, natural advantages become secondary.

The Cincinnati association is the first to put the course on credits and collections at the university on a scholarship basis. The directors have set aside a sum equal to the tuition for the advanced commercial business course on "Problems of the Credit Department," and the student doing the best work in the first year's course will receive the scholarship to cover tuition for the second year.

The association at Cincinnati should not be alone in this forward step. Other local associations should do likewise.

To loose talking and lax thinking—the latter on the part of listeners as well as speaker—may be charged a vast wastage in society. But for it, progress would be steadily upward instead of halting and reactionary, as we so often find it.

The ways to correct conclusions are devious, and take more time to traverse than most of us have the patience to give. Perhaps the general run of mankind cannot well be denied the right to omit many of the modifying conditions and influences which should be taken into consideration in finding the causes of a certain state of facts, but when the leader in a state or community, the man who by reason of position is looked up to, talks loosely from out of a mind characterized by lax thinking, we have a positive menace, one who stands in the way of his fellows reaching the whole truth.

For example, in the press recently was what purported to be a statement issued by a government official, whose position should give his word on financial subjects considerable authority. In this statement the present high price of commodities was charged to the great influx of gold.

Now, we know this is but a partial explanation of the phenomenon of high prices, and perhaps this official has given us not even the principal cause, for undoubtedly to quite a number of causes may be assigned the high cost of everything, as for instance, the per-

sistent demand for our products, the scarcity of labor due in part to the cutting off of immigration, the frequent strikes, and that laxity on the part of labor which almost always goes with swollen prosperity.

What we should remember is that correct conclusions as to what are the causes of that which goes on around us are scarcely ever easy to reach, and it were better not to expose our ignorance or mislead our fellows by giving utterance to conclusions that have not been well developed.

Most men think too little and talk too much, and the unfortunate thing is that the harm is not so much, perhaps, to themselves as it is to those upon whose ears their words fall.

Credit men are handling a subject requiring the most careful judgment. A habit of jumping to conclusions or taking without question the word of another makes poor material for the credit desk. It is for the credit man to insist that in his thinking every element be brought into play, every influence be considered, and every available experience be brought to bear before formulating a conclusion.

It is a unique position that the credit man holds in his relation to business and the public whom he serves. His is really a profession, and if he is true to his ideals he is no less an educator than he who stands before a class teaching certain truths and dogmas and endeavoring to train the members of his class to search for themselves and rely upon themselves when they no longer are in the classroom under his supervision.

Take the professions of medicine and law; those who are serving in either of these departments are cutting the very ground from under their feet. As the Insurance Field points out, the good, true physician teaches his patients the value of sanitation, how to prevent illness and disease, thereby neutralizing his own necessity and reducing his fees. Yet that is the end for which he works. The responsible lawyer works to reform bad laws, to make more simple legal procedure that the lay mind may understand; he advises against lawsuits, which in turn keeps down litigation, the very thing by which he lives. So, too, does the credit man, no matter with what kind of business concern he may be connected, when he endeavors to inform not only his employers but his customers along every line of credit granting, the risks to be avoided, the ones that may safely be assumed, etc., become a public benefactor.

His field is the world, for the question of credits enters every line

of business in every country of the globe. To be intelligent in his own sphere, he must be conversant with what is going on in the line of business that his fellow-men are engaged in. He must know what questions are being asked, and must have an intelligent answer, or at least be able to study the questions along with others in the effort to find a solution to the problems that perplex, and to do away with the difficulties that arise. He must be on the job every minute of the day; because changes are continually taking place, just as methods in the care of the sick are being revolutionized.

To fulfil truly his mission, his must be a mind that is big, broad and free from prejudice, a mind that can see from the angle of another and appreciate the different viewpoint. Nor can he be a cold analyst. The most brilliant mind, if not backed by a soul that is able to sympathize, even though the other's judgment may sometimes be in error, will soon find his field of endeavor hard and dry. For even business does have a heart, and its conscience is becoming more sensitive, as higher principles and a sense of fair play more and more underlie the coldest transactions.

What is the result of his work? Just as the physician is reducing illness and thereby lessening demands upon him, so is the credit man, seemingly, by his efforts to put credit conditions on a more stable basis, making his activities and responsibilities as such, less essential. The more he educates the public that is served by his concern, the more he would seem to be neutralizing his own necessity. Yet as he is educating the public to get along without him, the more valuable he becomes to the whole profession, for the expert credit man, as the expert surgeon, lawyer, etc., is in constant demand. The service open to the credit man to perform is just beginning to be appreciated at its true value by the lay mind.

Why, for instance, in a land like China, is the merchant at the bottom of every class, with the exception of the coolie, in the estimation with which he is held? Because, for so long double dealing has been the basis of all transactions. When two Chinese merchants engage in a business transaction each knows that the other will do his utmost to get the best of the bargain, and yet each one knows that the other knows he is trying to cheat.

But such business principles are not common to-day in any civilized commercial nation. Business men now generally recognize that they need each other, that their business health depends upon the business health of their customers and so feel that in working for themselves they must work for others.

Comments by the Way

Attention of the members is called to the fact that there has been established by the Fond du Lac Association of Credit Men a bureau for the exchange of credit information and the handling of adjustments which will be operated under the direction of Secretary A. P. Baker, who may be addressed at the Commercial National Bank Building. This item should be borne in mind when members have cases requiring adjustment in the Fond du Lac market.

Evansville is also to have an adjustment bureau, the Evansville association having just chartered such an organization. The bureau will make an effort to handle all the bankruptcy and insolvency work of its market, and will be in a position to serve other adjustment bureaus and members having cases for settlement in its field. Secretary H. W. Sparrenberger, at 915 Main Street, will be in charge of the bureau.

The Seattle Association is planning to have a convention of the Pacific Coast credit men's associations in conference November 20. Invitations have been issued to members at Los Angeles, San Francisco, Portland, Tacoma, San Diego, Spokane and also Vancouver. The interests of credit men up and down the coast will be discussed, and it is hoped there will not be an association among those named which will be without representation.

The members of the Portland association are using their adjustment bureau, not only to adjust failure cases but to perform examinations. One of the bureau investigators, in a recent trip, discovered four cases of insolvency which were nearly hopeless. The total assets in the four cases amounted to but \$615; liabilities to \$7,588. In not one of the cases had the creditors yet recognized insolvency and were continuing to sink money through new shipments. Through the investigators' work a halt was called and further loss is to be prevented. This is high-class adjustment service.

W. Randolph Montgomery, who for several years served the Association in the National office, has become associated with the firm of Parks, McKinstry & Taft at 60 Wall Street, New York, in the general practice of the law. Mr. Montgomery made many friends for himself and the organization during his period of service, where he showed marked ability in meeting the multitudinous demands that come to all departments of the Association. He is undoubtedly unusually well equipped by education, disposition and experience to serve business men, particularly in questions touching credit, and he enters upon his new work with the sincerest good wishes of a large circle of friends he made at the conventions and office of the National Association.

The Lansing Association of Credit Men has entered the family of local organizations affiliated with the National body. It has twenty-four members. The organization meeting was attended with the keenest enthusiasm, every member feeling that the new organ-

ization had a worth-while duty to perform. The election of officers resulted in D. W. Caldwell, of Northrup Robertson Carrier Company, being made president; W. B. Thoman, of Thoman Milling Company, vice-president; Robert Speir, of Capital National Bank, treasurer; J. A. Braun, of the Dudley Paper Company, secretary. Field representative, E. B. Moran, of the National Association, guided the association in its formative work.

The European war has led to the adoption of extraordinary measures for the maintenance of industry and the protection of commerce against the terrible odds it faces in some parts of the world. In Germany we find, for instance, the surprising record of fewer failures of business concerns in September, 1914, than for the corresponding period of 1913, the American Association of Commerce and Trade in Berlin announcing 476 failures in Germany in September as compared with 680 failures during the corresponding month of last year. This showing is largely due to the co-ordinated effort of organizations of bankers and special institutions of credit with the German federal counsel in cases of insolvency or pending insolvency of tradesmen and manufacturers. This force has undertaken the supervision of such concerns in order to prevent failure.

H. T. Hill of the Gray & Dudley Hardware Company, wishes to share with his fellow credit men the misery of deciphering the following from one of his Alabama customers. He didn't mention a prize for the best translation:

Hodges, Ala., July 17, 1914.

Gentle Meen I Wode Lacke To Git You Oll To Carey The
Balas Of Mie A Cont fur Me Tell Foll If You Psele Can Hit
Wode Be A Favor Fur Me I Will Setle Hit Off Erley This Foll
If You Will Care Hit Fur Me The Money Maters Is Very Scarse
Her At This Time Of Yer An I Am A Caren A Lot of Peple
On A Credde an Hit Wode Be A Com Dashed To Me If You Oll
Wode Wate On Me Fur As Longe As 60 Dase I Think At I
Can Met Hit By That Time If You Oll Can Hold Upe On Me
That Long. Yours truly,

The Credit Interchange Bureau of San Francisco is making a splendid record for itself. This work, which was started just eleven months ago with a membership of eighteen, has now grown to a membership of 150. Daily inquiry sheets are being delivered to 425 houses, or, in other words, to 50 per cent. of the jobbing houses in northern California, while the bureau is receiving 75 per cent. of the ledger experience on accounts. What is more, the bureau feels confident of winning the cooperation in full of the dry goods, ready-to-wear and cloth jobbing houses before the end of the year. At that time they will be delivering reports, far more complete they claim, than any reports issued by any credit interchange bureau. Certainly the reports of this new bureau compare favorably with those of other bureaus throughout the United States. It is now the clearing house for all of northern California, and has the active cooperation of the jobbing houses in the interior.

The adjustment bureau of the Providence Association of Credit Men has completed its organization by the selection of a commissioner, Lewis

Swift, Jr., who comes to the bureau with highest qualifications for the new position. Mr. Swift is a man of sound business training, and of that sort which immediately establishes a feeling of confidence in his ability and honesty of purpose. He is backed by a strong board of officers, presided over in behalf of the Providence association by Horace M. Peck, who has had unusual experience in work similar to that which the adjustment bureau is undertaking. Already the bureau has demonstrated its ability to serve the creditors, having been called upon to take charge of a friendly case in which it paid creditors fifty per cent. cash. The bureau will render still better service when it is fully organized. Members of the Association everywhere who have matters for adjustment in the Providence field are urged to take up their cases with Commissioner Swift.

A small case made interesting because it harks back to the conditions preceding the enactment of the bankruptcy law, came up recently at Lebanon, Tenn. It was a case which could not be brought to action under the federal act, though advantage of the laws of Tennessee to make a special preferential assignment for the benefit of home creditors had been resorted to. In this case the assignor left his out-of-town creditors unprovided for and their hands were tied for the reason that before involuntary bankruptcy proceedings could be sustained there must be a total indebtedness of at least \$1,000 and three creditors whose claims aggregated \$500, unless the number of creditors were less than twelve, which was not true in this case. In other words there were more than twelve creditors, and there were no three creditors outside of Lebanon whose claims aggregated \$500, and the total liabilities reached less than \$1,000. This is illustrative of the days when the nearby creditor who was in the best position to make a quick attachment outstripped the foreign creditor. Under the present law such cases can arise only with the small dealer for it is generally possible to get three creditors whose accounts can be proved to the amount of \$500, or the number of creditors can be reduced to less than twelve.

Charging Interest on Past Due Accounts

The credit man and accountant should take into consideration the fact that the date from which interest regularly accrues upon over-due accounts is not uniform in the several states. Some little precaution at the time of sale or rendering of invoice may be demanded to meet the statutory requirement of a definite date upon which the account shall become due and from which interest is payable at the legal rate.

Information in detail upon this subject can be had for the states of Florida, Idaho, Indiana, Kansas, Michigan, Minnesota and Missouri by application at the National office. It is well to remember that in states where parties may agree on a higher than the legal rate it is not sufficient to print on the invoice such words as, "Interest at rate of one per cent a month charged on past due accounts," for a contract is not created thereby. The importance of collecting interest on past due accounts is illustrated by testimony of a member recently, that it had been worth over \$4,000 to his concern in the first eleven months of 1914 to have insisted upon collecting interest for the period between maturity of accounts and payment thereof.

Sincere at Least

The following letter, received by a member of the Association in Knoxville, Tennessee, has the merit of being sincere, and of containing some resolves that, let us hope, will not be broken. It is a small town from which this letter came but business must be done in these small places, and naturally through instruments which if fitted for bigger and more thriving places, would not long remain where they are. Let it be hoped the county will see to it that work on the pike roads through the writer's region will be undertaken, and that soon, so that our member will have about the only chance, it would seem, of getting his money from this little general merchandise dealer.

"Gentleman in Regard to My Count i Ame sarey i cant pay you all i ough you i ame downen my best to pay my dets i oud a lot of small dets and they have ben pushen me and i didnt want to be soud and i thout you woldent dow that i ame to pay you ever cent i ough you i have goot plenty of goods to pay all i ough if i can sell them i could sell them one a credet but i hant a gowen to dowet the people hant goot the money up hear if thay have thay hant gowen to spend it thay hant now work gowen one up hear the weather has ben so bad as sone as the weather open up tay will gowen to work one the pike roads and then i can get som money and then i can pay you i dont want you to sow me if you can help it i now i ame downen all i can and it is Waren me so bad i now you are wanten your money i could of payd you more by leten some oters small dets gow and thay wold soud me i tell you i never will cater any more dets any more it wosent for dry goods nor noshen i hav bout all of my dry goods from you and if you are geten un easey i will make you saft but if is good as gold but i gest hant goot the money i wold barey it but i wold haft to pay 12 per cent inters and that is to mutch i nead a few dry goods but i dont want to gow in dets any more till i can pay you i will pay you some by the first of the month if posble thay are gowen to work on the pike road the first of march if the weath open up it will bey clost tow town we hant had any work near our plase so i hope you can wait a litel while you have waited this long you now it has ben bad weath and it hant mutch longer to wait hope you can i hate to wright you this way but i alers want to tell the truth so hop to hear from you and i dont want you to get angry i have told you serk stance yours frend."

Warning for the Drug Trade

There has been operating in and around New York for the past three or four months a gang of conspirators who have a well-outlined scheme of purchasing goods and then disappearing. They would open up stores using the name of some reputable and well-rated

person or firm, have goods shipped from various houses to a given address then re-direct the original packages to other persons who would claim that they were innocent purchasers for value, thereby evading the criminal statutes.

The direct perpetrator was rarely seen by those who became their victims by extending credit and it is therefore difficult to obtain a sufficient description to identify in case of apprehension.

The principal products that they bought and on which they received quotations were tartaric and citric acid.

A warrant has been issued and the postal authorities are now making an investigation. The Bulletin's purpose in making this note is to place credit grantors on guard against accepting orders they may receive bearing the ear-marks of fraud practices. If by chance any member has a case brought before him which has similar suspicious circumstances, he should at once confer with the National office.

Here Is the Credit Man—What's Your Class?

B. K. KNAPP, Portland, Ore.

What of the man who comes down late,
Gets to the office at half-past eight,
Sits at his desk and plods through his books,
Narrow in vision and sour in looks—
Hunting for trouble and finding it, too,
And nursing a "grouch" the whole day through?
He's not a credit man. No, not at all.

What of the man who looks askance
At the order before him, then "takes a chance."
Consults his book by "Dun" or "Brad,"
Says, "Oh, well, it isn't very bad,"
Don't ask for a statement or bureau report,
But O. K.'s the bunch and cuts it short,
He's just a checker of credits. That's all.

But the man who studies, and reads, and works,
Who is early and late, and never shirks;
Who in thought and method is up to date,
At the creditors' meetings is never late;
Who asks for statements, and gets them, too,
And holds the order till the dope comes through.
He's a regular credit man.

The man who works for the Association,
Who is trying to get more education,
Who takes his profit on experience of others,
And always cooperates with his brothers;
The man who is thorough, and careful, and kind,
To the rights of others is never blind—
He's the sure enough credit man.

Have you yet ordered your "Credit Man's Diary" for 1917? It is having this year its heaviest sale. No book is more useful or necessary to the credit man.

"The Cards Were Stacked"

The cards were "stacked against them" and that there was but one way out, namely, to ask creditors for indulgence and liquidate as rapidly as possible. Who wouldn't have done so under the circumstances? The house in question did a jobbing business in the south, and as all know, the jobbing business has been conducted on closer and closer margins and under larger expenses, with settlements in the south far apart. The concern, on a vicious and unfounded rumor, while its indebtedness to banks and merchants was high, had its rating suddenly taken away; loans to banks were called and creditors cut off their old lines of credit and demanded payment upon maturity of their bills. Within sixty days at heavy losses banks were paid in full and merchandise creditors also largely paid.

The business was done with the sort of customers who were not in the habit of paying by check, but paying collectors and salesmen. One defalcation had followed another in the last three years, twenty-four salesmen defaulting and robbing of sums ranging from \$200 to \$2,000. If prosecuted, the courts would give no punishment commensurate with the crime, and it was seen that there was no use in spending money to get proof and prosecute, for no proper example was set thereby. Offered by a large nearby well-rated drug house special discounts and privileges in handling their merchandise, provided they would give their note against guaranteed bonds, a note was issued against which, contrary to agreement, no bond was ever issued as collateral and, therefore, no guarantee. The note was sold to a third innocent party, and the court ordered judgment against the giver of the note for \$1,300.

Finally, and this seems to have been the last straw, a salesman of the house got into hot argument which broke into fisticuffs with a trader, who filed suit for \$5,000 damages, and the court ruled that a case had been made against the house because of its representative's actions.

Certainly business for this concern was a bed of thorns, barren of even a single blighted rosebud, and it is little wonder that they reached the conclusion to give it all up. The wonder, indeed, is that they were ready to stay by the business long enough to liquidate it to the best interests of creditors.

Chicago Association Starts Year Thoroughly Organized

It was not necessary for the Chicago association to get its work under way for the year 1916-17. Its activities during previous years had accumulated such force that the beginning of the new year found it pushing along well-established lines which are being pursued with great vigor by the present administration.

The efficient way it is conducting other departments has helped

the membership committee to make a truly remarkable record. It secured forty-four applications for membership during October, though the membership work had scarcely been organized. President Roberts has every expectation that the record of the year will excel that of any past association year.

In the adjustment bureau department more important work is being undertaken than ever before. Besides the usual number of smaller cases the bureau is in charge of two large liquidations involving hundreds of thousands of dollars.

The interchange bureau department is strengthening its service and is looking forward to a quickening of activities when the New York bureau gets under way, for many of the Chicago members are anxious to secure New York interchange and will not enter upon local bureau membership until that is obtainable.

From a Southern Mountain Hamlet

"Dear, Kind, True, Appreciated, Godly Gentlemen:

Please find here inclosed check for \$25.00 for which credit on our account with other check for \$35.00 that we mailed on our our account with other check for \$35.00 that we mailed on our account on March 25th of which do except our true and grateful thanks and appreciations for and we either in two or if possible are going to settle in one next payment on our account with all full and justly due interest and your trouble we are truly regretful that our account has been as it has but you can bet that we are going to pay you honestly us Boys should every Dollar and cent that it and has or ever will be due you you are have and we believe sincerely that you are going to be nice and lend a helping hand to us Boys who need and we hope honest worthy and Godly appreciating to you for same we have had an awfultime in collecting our outstanding accounts that we should not of let get out on these conditions but it is a hard proposition for to not let a good customer have some goods when out of work, sick and work held up for bad weather and etc. and so it is with you we believe if we are humane and have a true heart and Godly love and help and it is hard to do, so please do consider it and help us out.

"Yours true, appreciating friends,

ASSOCIATION NOTES

Atlanta.

The regular monthly meeting of the Atlanta Association of Credit Men, held October 12, was addressed by the mayor-elect, Asa G. Candler. Mr. Candler contrasted conditions in business to-day with those existing twenty years ago, felicitating the credit men on the many modern facilities they enjoy for increasing the efficiency of their business, and for safeguarding credits. A wholesale merchant years ago had to depend for credit reports, he said, on the private memoranda of other merchants, which he secured by going from one to the other.

He stressed the importance of thorough experience as the best means of equipping a young man for a business career, and illustrated his point by comparison of the merchants of the United States with those of other

countries. The reason the latter are more uniformly successful, he declared, is that they remain longer in the preparatory school of business before they become professors of business.

Recalling that it was near "Fire Prevention Day," others spoke on the importance of fire insurance as a factor in credits. There was also discussed the proposal to bring to Atlanta an annual convention of the National Association of Credit Men.

Baltimore.

The first of a series of meetings to be given by the Baltimore Association of Credit Men took place October 12, with one hundred and sixty members present. They were shown some of the inner workings of the bureaus in the Department of Commerce through means of motion pictures, E. A. Brand, assistant chief of the Bureau of Foreign and Domestic Commerce, being the exhibitor. He prefaced his address with personal experiences in "darkest London," in the mine-strewn English Channel, in the Peace Palace at The Hague, in Paris, Milan and other war-zone cities.

Mr. Brand also told of the work being done by the American consuls, especially in Europe, and gave statistics of America's commerce with the world in 1914 and in 1916, showing the enormous increase in exports. But an analysis of the export conditions, he warned, shows beyond peradventure that this country is merely filling in the gaps that have been caused by the war.

President Carnan gave a review of the meeting of the board of directors of the National Association at Atlantic City in September.

Billings.

At the meeting of the Billings Credit Men's Association, held October 26, "Trade Acceptances" and their relation to credit proved a most interesting subject. The bank members were out in force and found it helpful to talk over with their merchant customers problems of credit of common interest.

Buffalo.

Two hundred members were present at the opening meeting of the Buffalo Association of Credit Men, held October 19. The principal speaker was Samuel Rosenbaum, of the Philadelphia bar, who explained how English merchants have saved large sums of money and time by avoiding litigation over purely commercial matters, because they submit their differences to a board of arbitration composed of experts, instead of going to a court of law for adjustment. He assailed the jury trial system in civil suits where the reputation of either defendant or plaintiff is wrongly attacked, saying a commission or board of arbitration would be in better position to judge on the facts, and that they could do so in far less time than a jury. Mr. Rosenbaum urged the credit men to take some concerted action and to seek to assist the Chamber of Commerce in getting adequate legislation looking to legal settlements through arbitration.

Judge Brennan, of Buffalo, declared himself heartily in favor of commercial arbitration, saying that the city court judges would welcome any legislation which would reduce the tremendous amount of business of that court.

Louis M. Potter, who recently made a trip through the southern republics for the purpose of studying international trade relations, spoke on the development of trade with South American countries. He asserted that the South American countries need no big brother act on the part of the United States, that they are well able to take care of themselves. There are five individual requisites, said Mr. Potter, as a basis for the development of trade between those countries and our own. First, there is the fundamental backbone of natural resources, a great business organization, a large purchasing power, no probability of local competition, friendly feeling and influence because of the Panama Canal.

But there must be, he added, proper introduction, study of the field with a view to producing merchandise adapted to the needs of the people, full value for money, extension of proper credits and service. In addition to these, we should have, continued Mr. Potter, better shipping facilities, better postal facilities, better banking facilities, better cable service and increased purchases of South American products.

It was announced that at the November meeting President Joyce, of the National Association, would be the guest of honor.

Burlington

The luncheon of the Vermont Association of Credit Men, October 10, was not only full of interest but of help and inspiration. J. H. Tregoe, secretary-treasurer of the National Association, was the speaker, and in the afternoon met informally those credit men who wanted specific information along their various lines.

Mr. Tregoe pointed out in his evening address that credit is the purchasing medium of the business world, but we suffer as the result of the disorganized conditions of credits, not fully realizing to what cause our sufferings are due. Almost everywhere, so much chance and guessing enter into our credit system, that a loss which has made the United States conspicuous among business nations, has piled up annually. This loss is significant of the American disposition to waste. But the whole world is passing through such a crisis that the time is fast approaching when this waste must be turned into profit. Whereas, formerly the question was how to raise prices, the question confronting us to-day is, how to lower prices.

Most disorders in credit, said Mr. Tregoe, are due to lack of training, lack of regard for the commercial obligation and commercial fraud. Shrewd credit men should be able to find the symptoms of the disorder, which may be slowness, neglect or inability of the merchant to pay. Indifference or neglect may be cured, but inability is far more serious. There must be proper training, education in credits and cooperation, if disordered credits are to be prevented. For it has been by this method that, in less than twenty-five years, the credits have been quadrupled in the country and the banking capital trebled.

Chattanooga

The Chattanooga association, at its October 19 meeting, entertained as guests James E. Porter and Erasmus Wilson, of Pittsburgh, the former a member of the board of directors of the National Association. At this meeting there was a discussion of certain matters of general interest brought up in the minutes of the board of the National Association, held in September, a copy of which had been sent to Secretary Longley.

Charleston.

The Charleston Association of Credit Men cannot stay at home for its meetings. In September it went to Hinton for its regular meeting and in October, to Beckley, where there were forty-seven members present. Eleven went from Charleston to Beckley, four by rail and the rest by automobile. The activities of the association are such that it has been found impossible to cover in meeting matters of business which should be placed before the members, so that President Ruffner is sending open letters to members with a view to letting all know what is going on.

Cleveland.

The active season of the Cleveland association opened at the October 27th meeting. William Tonks, of the First National Bank, the newly elected president, was presented as the man to whom the association is to look, during the coming year, for leadership.

Mr. Tonks' inaugural address, so to speak, displayed a thorough grasp of the functions of the organization whose destiny he is to control. His announcement of the seventeen standing committees evidenced

full appreciation of the importance of strong committee personnel. The committee men are such as will give Mr. Tonks sincere cooperation.

The Hon. Herbert Quick, one of the members of the Federal Farm Loan Board, was present as the principal guest of the evening. He told of the investigation of the board as it traveled from point to point over the country, for the purpose of informing itself on conditions, prior to locating and organizing the twelve federal land banks. Mr. Quick's fitness for the responsibilities of his new office as he brought out the conclusions he had come to in a study of agricultural conditions in various parts of the country was clearly recognized. Mr. Quick outlined the provisions of the Farm Loan Act, its purposes in meeting the new demands that our increased industry will make upon agriculture, and in his enthusiasm pictured the solution of the problems of the rural districts, social, intellectual and physical, the solution of which, he declared, is to be simplified through the ministrations of the Federal Farm Loan Banks.

Columbus.

At the annual meeting of the Columbus Association of Credit Men, held October 13, D. B. Neil, of the Lawrence Press Company, was elected president; C. B. Cranston, of the Livingston Seed Company, vice-president; and C. R. Shields, of the First National Bank, treasurer. The guests were Frank H. Randel, of the American Stove Company, Cleveland, a director of the National Association, who enthused the members by outlining those things which a local association can do for its community, and suggested methods of building up the membership, and Secretary Tregoe, who made a talk on business ethics, stating as his central theme that business must be based on morality and integrity.

Fond du Lac

The keynote of the Fond du Lac Credit Men's Association meeting of October 4 was cooperation, and H. B. Otis, of the Bemis, Hooper, Hayes Company of Oshkosh, was the first speaker, introduced by E. B. Hutchins, the president. It is only by association with others in the line of work in which we are interested that progress comes, said Mr. Otis. Until interest is aroused, it requires self-sacrifice to attend the meetings and perform association duties; but in such measure as we uphold the officers, do we strengthen the organization, accomplish things and grow. The strength of the association lies in the strength of the individual members. When we have an organization, we have a bulwark of defense against unseen emergencies, unwise or unfriendly legislation and like things.

H. W. Newton was introduced as the next speaker. He took up the problems that will confront the business men of this country at the close of the war, problems in which credit men will play an important part. European countries are reorganizing right up to the battle lines, despite the war, said Mr. Newton. "New systems, new fields of activity and new inventions are coming to the front in Europe which would ordinarily have taken twenty years to bring about." Cooperative farms are springing up in France; England once so conservative is thoroughly aroused; even Germany, noted for her efficiency, is increasing that efficiency still more. These changes must and do concern us, for even before the war is over we will be competing with Europe. Germany's efficiency, which must be admitted, has been due to cooperation of the banks, the manufacturers and her steamship lines. It will be our problem to equal her efficiency. Even more important than our foreign trade will be our domestic trade. The associations will do their part by establishing credit on a firmer basis, by securing proper credit laws, by improving distribution of information, by changing customs that are detrimental, and by the protection of its members from fraud.

Field representative of the National Association, E. B. Moran, also

emphasized the pulling power of cooperation, along much the same lines as the previous speaker.

The association passed a resolution endorsing the movement started by the Milwaukee and Oshkosh associations for the amendment of the bad check law.

Grand Rapids.

Some two hundred members of the Grand Rapids Association of Credit Men, at its October meeting, listened to an able address by George E. MacIlwain, of Babson's Statistical Organization of Wellesley Hills, Massachusetts, on "Business Conditions in the United States After the Close of the War."

There are three stages of the war's influence, said Mr. MacIlwain, on America. First, there is the period of great prosperity which we are now enjoying and which will continue until hostilities are over. That ended, the second period of influence will set in, which will create a keen scramble, and many a business will then find itself suddenly at an end. Then will appear the third period, bringing a swift, sure swing downward, because of the extravagance of Americans, the condition of the money market, and the opening up of European competition which American business men will find it difficult to meet.

There are, however, three hopeful elements, Mr. MacIlwain went on to say, first of which is the demand that Europe will be forced to make on us to rehabilitate herself; next, there will be such an application of efficiency to meet the demands as has never been tried before; and cooperation will come to its full fruition in business methods, standards, dealings and the solving of great problems.

The meeting concluded with remarks by field representative, Edwin B. Moran, who gave his impressions of the personnel of the membership of the National Association.

Indianapolis.

Walter V. Bozell was made president of the Indianapolis Association of Credit Men at the annual meeting, October 10. Robert O. Bonner was elected vice-president, Ken I. Holmes, treasurer, and LeRoy C. Breunig, secretary.

The work of building up the association's membership during the coming year was the subject of special consideration, President Bozell pointing out that this was a matter of vital importance out of loyalty to John D. Meek, who had been given national recognition by being appointed to the chairmanship of the membership committee of the National Association. It was brought out that during the year past, the Indianapolis association was third in the family of local associations in its proportionate gain in membership. Mr. Meek outlined the work of his committee for the coming year, and declared that the Indianapolis association must have obtained the highest honor through membership growth by the time the annual convention is convened at Kansas City.

Knoxville.

"Trade Acceptance" was the subject of the meeting of the Knoxville association, held September 24. The principal address was by A. W. Thompson, of the House-Hasson Hardware Company, who pointed out that wholesale dealers deliver their goods and get only an indefinite receipt for boxes, bundles, packages, etc., said to contain the values that are represented by ledger accounts. The trade acceptance is a step forward because, in supplanting the account receivable, it gives us executed acknowledgment of definite values received, a very precious document in cases of dispute. He said that the prompt pay customer, after he fully understood the trade acceptance, would welcome its use, recognizing that in its automatic payment the banker was informed of his well-doing. Further, the buyer, having a definite pay day in mind, is led to buy more

cautiously and to look well to a quick turnover. Mr. Thompson declared the trade acceptance will give fair exchange for value received, reflecting credit on the acceptor, produce broader and more economic banking facilities, reduce collection costs, eliminate petty abuses, reduce the number of disputes in open accounts, curb over-buying, force prompt collection and materially reduce bad debt waste.

Mr. Thompson's address was followed by a general discussion, in which bankers and business men joined freely. Among those who spoke informally was J. P. Gaut, president of the Holston National Bank, who favored the general adoption of the system which, he said, would inevitably mean less capital tied up for indeterminate periods, both on the books of the manufacturer and wholesaler and on the books of the bank. A large volume of working capital, he declared, will thus be released for for additional business requirements.

Lehigh Valley.

Members of the Lehigh Valley association, at their October meeting, were enlightened upon the subject of the "new education" by the Superintendent of the Schools of Allentown, H. W. Dodd.

He detailed the earlier educational advantages which this young country had developed, pointed out how our educational system had grown to be the marvel of the world.

Since 1900, he said, has come the new order of things, because business men have awakened to the necessity of having trained men and women in the various spheres and schools are now educating boys and girls to enter college with plans to fill definite positions and thus be better qualified to serve the state.

Conditions, he said, have changed and it is just as essential nowadays to take care of the moral and hygienic phases as it is the mental. It is just as necessary to give proper corrective exercise and teach the things effectively which are needed most when the youth is starting out in the world. All this, he said, means proper equipment, but the cost, whatever may be the figure, is returned in increased profits in better children, and hence a better family and community life.

Another speaker was M. P. Schantz, whose subject was "What a Credit Man Should Know in Selling to Receivers and Trustees of Estates."

Los Angeles.

At the October meeting of the Los Angeles association, Victor H. Rossetti, of the Farmers' and Merchants' National Bank, made an able address on "Credit," and Judge William H. Fuller spoke on "Bankruptcy."

President Care announced that there were to be bi-monthly meetings of officers, directors and chairmen of committees throughout the winter season, with a view to bringing about great coordination of the various departments.

Louisville.

At the meeting of the Louisville association, held October 17, being the first open meeting of the fall term, there was a gratifying attendance. The meeting was the first of a series in which the work of the credit man is to be taken up, from the time an order is received at his desk until payment of the account is rendered.

The subject of this meeting was "Why Is a Credit Man?" Two of the members opened the discussion, others following, giving their experiences. The meeting was most enthusiastic, and it is believed the series will result in bringing the members into closer cooperation.

Minneapolis.

At the meeting of the Minneapolis association, in October, the "Exchange Problem" came up for discussion. The meeting resolved itself into a debate between the merchant and banking members, the latter declaring that the Twin City banks are not charging enough exchange

to pay for the cost of check collection and to recuperate on previous losses; in other words are not making a profit. It was stated that they are making only a reasonable charge, that the excess was being made by the country bankers. Representing the country banks, H. L. Simons explained that the checks on his bank which he as a country banker was accused of not honoring at par when presented at his bank, were really not presented there; but the city jobber was trying to make the country banker pay all the cost of putting the money on the jobber's desk.

The Minneapolis Federal Reserve Bank was represented by Gray Warren, manager of the transit department. Mr. Warren said that the Federal Reserve Bank goes on the theory that the whole method of charging exchange is a constant attempt to shift the burden. There is a service for which a small charge should be allowed, but the more banks that can be put on the par list, the better it will be for business in general. It was stated at the meeting that the Minneapolis and St. Paul banks had been charging nothing for the checks that were drawn on a bank in the Twin Cities; but outside the Twin Cities, a charge of ten to twenty cents, if the bank drawn on was not on the list of the regional reserve banks. This represented the expense of collection, $4\frac{1}{2}$ per cent. interest on the amount of the check during the two to eight days required for collection, and whatever the country banker charged to the city banker. Fred J. Hopkins, of Janney, Semple, Hill & Company, declared that under the Twin City bank system the cost of exchange to his company had risen thirty per cent. since September first.

Nashville.

D. A. Landress, of Chattanooga, a director of the National Association, and J. R. Garrett, assistant manager of the Nashville Clearing House Association, were the guests of the Nashville association at its meeting of October 10th.

Mr. Garrett explained in an interesting talk the intricacies of the system of exchanging checks and the collection of checks upon out-of-town banks.

Mr. Landress said that the purpose of his visit was to put the members into closer touch with the great work which the National Association, of which they were members, was doing. He went comprehensively into the most prominent departments of work which the Association had undertaken, particularly the investigation and prosecution of fraud, and the development of higher standards among credit men.

C. T. Sullivan announced that there would be a conference among the credit men of the state held in Nashville in November, when Secretary Tregoe would be present.

New Orleans

At the meeting of the New Orleans Credit Men's Association, held October 18, Wm. A. Bell, referee in bankruptcy, spoke on the "Administration of Bankrupt Estates," impressing upon the members the necessity of attending creditors' meetings and using their influence to decrease the cost of bankruptcy administration.

Secretary T. J. Bartlette spoke on "The Necessity of Educating Credit Men to Their Work." He urged the importance of establishing a course on credits under the direction of the association in conjunction with the Association of Commerce.

These more formal speeches were preceded by a discussion of association activities lead by President W. P. Simpson, Chas. Janier, Jas. J. McLoughlin and D. D. Moore, manager of the Times-Picayune. Mr. McLoughlin gave an amusing presentation of the freedom with which credit is extended in New Orleans, but there was an undercurrent of serious truth in his words which all readily recognized.

New York.

All matters of business routine were set aside when, on October 26, the members and guests of the New York Association of Credit Men assembled for their twenty-second annual fall meeting. The president,

W. F. H. Koelsch, was the toastmaster. It was in terms of deep appreciation that the presiding officer, Charles Biggs and Charles E. Meek spoke of the late James Graham Cannon, one of the founders of the organization, and the first banker in New York to establish a credit department.

Charles D. Joyce, president of the National Association, was introduced. In his opening remarks he said that his thoughts were inspired by a recent editorial published in the *Journal of Commerce*, entitled "National Blood-Letting and Hygiene." The editor, said Mr. Joyce, disputed the truth of an essay purported to have been written by the late Lord Roberts in his view of the war question. Just as the belief which was prevalent in Shakespeare's time among physicians, that blood-letting was the chief remedy, is in the discard to-day, so are the views of the late British field marshal. No one would say that all wars have been wrong, but they must give way before a better, more enlightened civilization. The greatest economic students of to-day know full well that future wars are inevitable unless civilization is to advance and adopt standards vastly different from those that obtain in the present generation. Every great thinker knows that there are worse things that can befall a nation than war. That government which rests in luxurious but dishonorable peace presents a more odious picture and one deserving scorn, than the nation which has decayed and fallen in its determined effort to uphold a false idea of glory and honor.

It is for those vested with high governmental authority, Mr. Joyce declared, to protect the rights and honor of the nation. In China we have a living example of almost pathetic timidity, or criminal cupidity, on the part of those who are the leaders of that great nation. For years she has been the prey of every other nation with unscrupulous ambitions, until through misrule and misconception of what a government should be, China has fallen into her present state of abject helplessness.

The next speaker was former Governor Folk, of Missouri, who dwelt upon what would probably happen at the conclusion of the great conflict abroad. There will be revealed, he declared, a vastly different world from the one we knew at the beginning of the war. Said Mr. Folk, the organized and disciplined energy of the nations now at war will be at its maximum, and their scientific industrial application will have reached its height. Of the highest interest, then, to the United States is the question of transportation under the new conditions which may, or may not bring about a coordination of our governmental agencies. To-day, the United States is the commercial center of the world; but if she is to retain this financial supremacy, there will have to be the most efficient cooperation along every line of human endeavor.

The greatest element of strength that is coming out of the crucible of war is the spirit of service and sacrifice of the people for their common welfare. But not until men will have learned that the same spirit can be carried out in peaceful ways will there be an end of war, he continued.

Our "Americanism" is not a matter of birthplace or national descent; it is an ideal of the mind and soul. The mission of our country is to uplift mankind by inculcating into the minds of men those ideals that translate the heart-beats of humanity into action for the good of all. The public is not the people of one section, or even one nation, but all mankind; and the principles of humanity will in the not distant future be applied between nations as they have long been applied between individuals. Sectional or class hatreds are an element of weakness in a nation even more than in the individual. The day may be not far away when there will come into being an international court of arbitration. It is for America to bring about that day when peace and good-will is to reign in the hearts of men.

Norfolk-Tidewater.

At the luncheon of the Norfolk-Tidewater association, October 19, tribute was paid the engineering department of the city of Norfolk by Joshua Atwood, chief engineer of Boston, who commented on the character of work that had been accomplished by Walter H. Taylor, engineer for Norfolk, and his staff.

A. W. McKeand, head of the McKeand Service Company of Indianapolis, spoke on the value of properly systematized credits and cost accounts. He put before the association, too, the advantages of organization, and the necessity for education among retail merchants along accounting lines.

An important announcement was that made at the weekly luncheon of the Norfolk-Tidewater Association of Credit Men, October 4, by Dr. Clarence J. Owens, that Norfolk is to have the Southern Commercial Congress in December. The hope is that this Congress will awaken Norfolk and the entire section over which it presides to the tremendous possibilities in store for the southeastern section of the state because of its unexcelled port facilities and the economic advantages resulting from low freight rates. Mr. Owens declared that as Norfolk is a natural point of distribution for the South and Middle West, it should be a logical port of call for almost every line of ships crossing the Atlantic.

Oshkosh.

At the meeting of the Oshkosh Association of Credit Men, held November 1, E. R. Williams, cashier of the Commercial National Bank, led a discussion on trade acceptances. It was found impossible within the limits of the prescribed time to cover the subject satisfactorily, so it was decided to call a special meeting, when it is hoped that it will be possible to arouse the interest of members to such an extent as to secure the adoption of the trade acceptance by many of the member houses.

Philadelphia.

At a meeting of the Philadelphia Credit Men's Association on October 24, A. J. County, vice-president in charge of accounting of the Pennsylvania Railroad, was the speaker. After reviewing fully the Adamson eight-hour act, Mr. County declared that the business which is carried on as interstate commerce so greatly predominates the intrastate traffic that he believed, for the best interests of the country, all of the interstate carriers should be under the national flag, the national Constitution, laws and regulatory powers. He said it is not in public interest to have these interstate carriers also under forty-eight additional state flags for regulation or protection.

Unless, continued Mr. County, we have a constructive and unified policy, regulation will break down sound railroad credit instead of promoting it, that with federal regulation, performing a service similar to that of the Federal Reserve Board for banks, the business of railroads would be stabilized and their credit strengthened.

Pittsburgh.

Smoke and Dust Abatement, to which the week of October 23 was devoted in the "Steel City," was observed by the Pittsburgh association at its noon-day luncheon, October 26.

The speaker was H. H. Maxfield, superintendent of motive power of the Pennsylvania lines east of Pittsburgh, Mr. Maxfield being introduced by former President Enoch Rauh.

Mr. Maxfield's subject was the "Elimination of Smoke." He illustrated his talk with pictures showing how lessons are given in smokeless firing of locomotives. He told of the kinds of coal used by the Pennsylvania lines in the locomotives through districts where ordinances governing the issuance of smoke are in force. He said that the Pennsylvania is not only trying to obey the laws, but do better than the laws required in smoke elimination.

Colonel James E. Porter, of the Pittsburgh association, was given a birthday surprise party at the Fort Pitt Hotel, November 2. There is no doubt that "Uncle Jim" was taken completely unawares, as were most of those who attended the largest gathering in many weeks.

Uncle Jim was seventy-three, but in accepting the birthday cake presented him, he declared he felt as young as ever, and expected to continue in this happy state for many years to come. There were appreciative addresses by Colonel Daniel Ashworth and Erasmus Wilson, of the Pittsburgh Gazette-Times. Telegrams and letters of congratulation from all parts of the country were received and read.

Portland.

As Secretary Knapp, of the Portland association, reports nearly a hundred credit managers of Portland became better informed and secured a broader and clearer vision of their work as well as a better understanding of credit conditions and a forecast of the future for having attended the meeting of the association, October 18, when they heard Geo. M. Cornwall, editor of the Timberman, explain the lumber situation in Oregon and Washington. Lumbering, he pointed out, is the most important industry in the state and is second in importance in the United States, following only agriculture.

There was also an address by Professor W. T. Osborn, of Reed College on "International Relations and the Development of Trade After the War." He spoke on the causes of the war and its probable results, showing how the lines of trade would be changed and what Portland might expect after the war has ended.

Chairman Riggs, of the membership committee, sounded a call for the new membership campaign which resulted in bringing a large number of volunteers into service for securing new members.

Providence.

In an address on retail credits, at the opening fall meeting of the Providence Association of Credit Men, October 18, E. J. Frost, comptroller of William A. Filene's Sons, Boston, advocated radical changes in the retail credit systems now in force in many stores. The speaker declared the custom of allowing credit to some of the purchasers and refusing it to others is distinctly unfair. Both experience and experiment have proved that it costs stores more per sale to charge purchasers than to cash buyers. This loss, it was explained, is due to failures to pay for charged goods and to cost of delivery. This situation, however, does not hold good in wholesale trade, he said, where a discount is given to cash buyers. Mr. Frost further declared that if it were generally understood what a burden the charge purchases put on the cash customer, a change would not only be found necessary but would be demanded as imperative. He advocated a definite credit policy, and urged that exact losses be ascertained and credit prices based thereon.

Rochester.

The first fall meeting of the Rochester Association of Credit Men took place October 12, with Charles D. Joyce, president, and J. H. Tregoe, secretary-treasurer, of the National Association, the principal speakers. F. W. Reidenbach presided.

"Make the name of America stand for business integrity the world over" was the plea made by Mr. Tregoe. The credit man should, like the surgeon, accept his responsibility and when he detects symptoms of disease take the same delight in cutting out the root, for therein lies the cure, which is vital to the life of business. It should be his aim so to work that his customers will not be continually in the courts, building up business for the commercial lawyer.

Speaking of the bankruptcy law, Mr. Tregoe pointed out that the men who are to-day advocating its repeal are those who cannot understand conditions previous to 1898. They were the days of low prices, low wages and low incomes. To-day we have a national law guaranteeing equality and uniformity in the administration of insolvent estates. Too often the trouble is, he declared, the credit man wants big dividends in bankruptcy cases, when they are but shells with nothing in them.

Mr. Joyce spoke briefly on the world's great accomplishments that

have been wrought by faith. It is all in the state of mind, he declared. Defeat or success first exists in the lack of will power or the determination that takes no denial. If the man fears or thinks that he is beaten, he has failed before he has begun. Supreme will power and faith can overcome all obstacles was his ringing appeal.

St. Louis.

One of the speakers at a meeting of the St. Louis Association of Credit Men, held October 19, was Charles Nagel, former Secretary of Commerce and Labor, whose address was on "Commercial Cooperation."

After touching on a number of topics, national and otherwise, Mr. Nagel declared there must exist a stronger cooperation between our government and business. It seemed for a time, he said, as if, instead of cooperation, there was almost a studied attempt to break us asunder. While it is natural for each one to sympathize with England, France or Germany, according to his antecedents, one thing we ought to bear in mind, he declared, is, that there is only one platform for us all—Americanism.

William H. Danforth, president of the Ralston Purina Company, followed with a talk on "Fighting Qualities." He applied those qualities to the man who sticks in the game until the top is reached and success won, no matter what obstacles may be in the way. Mr. Danforth illustrated his remarks with examples from history such as Disraeli, Alexander's bodyguard, etc., men who dared, fought and won.

"Shop Talks" consisting of five-minute speeches from various members resulted in an open and free discussion of many problems coming up every day in business.

St. Paul.

The theme at the meeting of the St. Paul association in October was the coming of Armour & Company to South St. Paul to spend \$3,000,000 on a new plant. Reference was made to this by N. P. Rogers, a leading resident of St. Paul, who predicted that within ten years the southern portion of the city would be the leading stock market of the country.

Another speaker was Edward W. McMahon, secretary of the St. Paul Association of Commerce. He pointed out why business men should cooperate. He outlined a plan to double the membership of the Association of Commerce in a forthcoming campaign. The membership committee of the St. Paul association followed, telling of its purpose to increase its membership during the year to 350, this to be done through the assistance of every member.

San Francisco.

One hundred and six members were in attendance at the October meeting of the San Francisco association. Dr. Maurice E. Harrison, of the University of California, was the principal speaker, having for his subject the national bankruptcy law. Another speaker on the same subject was Joseph Kirk, attorney for the board of trade, who fully endorsed and approved every recommendation made by Dr. Harrison.

Seattle.

A most important meeting was that of the Seattle Association of Credit Men, October 16, when the members took a definite stand regarding legislation. A resolution was adopted calling upon the next session of the state legislature to make a complete revision of the corporation laws of the state; also to pass adequate legislation providing for the regulation of collection agencies; an act to regulate and control the registration and use of fictitious trade names by firms and individuals; again to make changes needed in the present law pertaining to bulk sales of merchandise stocks; to place fire prevention under state supervision, with a state fire marshal in control; to reduce exemptions under the present bankruptcy regulations. A committee was appointed to prepare an of-

ficial draft of the resolution, and submit the desired legislative changes to candidates for the legislature.

"What Is the Matter with the Lumber Business?" was the subject of an interesting address by Thorpe Babcock, secretary of the West Coast Lumbermen's Association, who showed that the present overproduction of lumber in the state of Washington is due primarily to overtaxation of standing timber. He cited instances where timber taxation had increased from 405 per cent. to 1057 per cent. during a period of nine years. This taxing of the same stand year after year at constantly increasing rates, he said, added so greatly to the carrying cost that most owners were anxious to liquidate their holdings as quickly as possible. It is business logic for the owner to convert his timber into lumber promptly, regardless of marketing conditions, said Mr. Babcock. That brings about the building of sawmills, but only temporary pay rolls; and a sawmill built on that basis is not an asset to the community. It does not even leave logged-off land in proper condition for future agricultural development.

The remedy, he declared, is to tax timber and land separately and change the administration of the United States forestry service.

A brief but forceful explanation of the benefits that have been secured by members of the association in the matter of credits and improvements in the general conduct of their business relations with contractors, by cooperative handling of credits, was given by A. G. Wilcken, secretary of the Building Material Dealers' Association.

Syracuse.

The subject of trade acceptance held the attention of the members of the Syracuse association at their meeting October 26.

It was pointed out that the federal reserve board and bankers, generally, including officers of the Syracuse banks, are advocating the transfer of open book accounts, which they describe as so much dead capital, into trade acceptances or live capital.

The discussion which was lead by Jerome D. Barnum brought out a large number of questions, and at the conclusion of the meeting many expressed their inclination to try out the trade acceptance in their business.

Tacoma.

The Tacoma Association of Credit Men held its October meeting as "Salesmen's Night" with an attendance of nearly one hundred and twenty-five. Vice-president H. I. Bremner, of the West Coast Grocery Company, spoke on "The Salesman and the Small Account." He emphasized the point that the true credit man would never turn down an order without a good and sufficient reason. J. H. Snyder, of the Keystone Cereal Company, responded with "How the Salesman Can Help the Credit Man." Mr. Snyder likened the credit man to the pilot on the ship of commerce. Vanderveer Custis, of the department of economics of Washington University, made the principal address, his subject being "Competitive Methods of the International Harvester Company."

The meeting voted to change the date of the annual election of officers from January to May.

Washington.

The Washington Association of Credit Men held its first fall meeting October 18, and heard Edw. A. Brand, assistant director of the Bureau of Foreign and Domestic Commerce, relate some of his experiences on a recent trip to the warring countries.

He also exhibited films showing the workings of important government departments, particularly that which belongs to business and of which he is an officer.

Other speakers were H. H. McKee and A. S. Gatley, who had recently returned from the convention of the American Bankers' Association. They told of the discussions at this convention bearing upon credits.

Associations Showing the Largest Net Membership Gains During the Month of October

Association.	Net gain.	Membership as of Nov. 1.	Membership asked for by June 1, 1917.
Newark Association of Credit Men....	24	346	350
New York Credit Men's Association...	18	1,592	1,700
Indianapolis Association of Credit Men	10	222	225
Chicago Association of Credit Men....	9	1,407	1,500
Washington Association of Credit Men	8	82	80
Cleveland Association of Credit Men..	6	730	800
Minneapolis Association of Credit Men	6	362	375
Baltimore Association of Credit Men..	5	535	600
Lehigh Valley Association of Credit Men	5	50	50
Wichita Association of Credit Men....	5	122	125

M I S S I N G

The parties whose names appear in this list are reported missing. Any information regarding their whereabouts should be sent to the National office.

Adler, M., formerly of Detroit, Mich., now thought to be in Chicago, Ill.

Ahrens, W. T., formerly a contractor in Memphis, Tenn.

Barringer, A. L., formerly a railroad advertising sign painter for two years in business at 239 Market St., Philadelphia, Pa., later at 1145 Broadway, New York City.

Bellinger, W. N., formerly engaged in business as Bellinger & Hottel, brokerage and sales agents, Honolulu, T. H.

Bernard Dahlen, operating as the Hotel Supply & Provision Co., Clarksburg, West Va.

Brown, David, formerly of 1238 N. 2d St., Philadelphia, Pa.

Clinton, O., formerly of Louisville, Ky., in bill poster advertising business.

Conried, Hans G., formerly operating as Anrol Advertising Co., 1547 Broadway, New York City.

Forbes, H. J., formerly of Ridgely, Md.

Ford, C. E., formerly of Deming, New Mexico.

Frey, Charles, formerly in business at Park City, Utah.

Glerum, H. A., formerly a contractor at 25 Coe Pl., Buffalo, N. Y.

Hanley, J. J., formerly general upholsterer in business at 108 Jackson St., Cape May, N. J.

Halsey, Sam'l, formerly a contractor and painter in business at Morton, Pa.

Hawley, Wm. E., formerly in the defunct Bonita Products Co., at Pontiac Bldg., St. Louis, Mo.

Helverson, J. H., formerly of Muscatine, Iowa.

Hottel, C. O., formerly engaged in brokerage business as Bellinger & Hottel, Honolulu, T. H.

Matzger, Gustav, formerly of Hagerstown, Md.

Minnick, Geo. A., formerly of Minnick Bros., Toledo, O.

Mosler, L., formerly in ladies' and gents' furnishing business at 521 N. 9th St., Philadelphia, Pa.

Perlman, A., formerly painter, prior to July in business at Beverly, N. J.

Price, Wm. T., Bremen, O.

Roberts, Earl F., formerly of 5633 Elliott St., Philadelphia, Pa.

Thompson, G. B., formerly operating Turkish baths at Jacksonville, Fla., and Asheville, N. C.

Thompson, R. C., formerly operating Turkish baths at Jacksonville, Fla., and Asheville, N. C.

Waters, John A., formerly sold fixtures under the firm name of Stacy & Waters, Savannah, Ga.

White, Fred J., formerly at 1708 E. 60th St., Cleveland, O., thought to be in Chicago, Ill.

Wiederhold, A. F., formerly in the ladies' ready-to-wear and dry goods business at La Salle, Ill.

W A N T S

Address all communications to applicants in this column care of the National Association of Credit Men, 41 Park Row, New York, N. Y.

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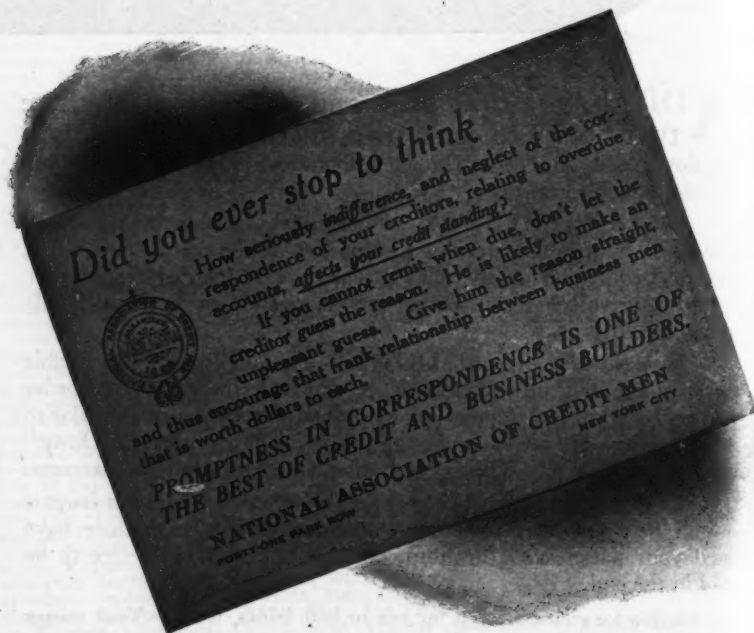
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